Financial Statements Compendium 2001-02

Part A

MULTIS E GENTIBUS VIRES

Saskatchewan

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GUIDE TO THE COMPENDIUM

This Compendium is comprised of the financial statements of various government boards, agencies, commissions, superannuation funds, special purpose funds and institutions as well as those Crown corporations which are accountable to the Treasury Board.

The financial statements are for fiscal periods ending within the Government's fiscal year April 1, 2001 to March 31, 2002.

While many of these entities are required to table their financial statements in the Legislative Assembly as separate reports, this Compendium serves to provide ease of public access to their financial statements.

Financial statements for Crown corporations that are accountable to the Crown Investments Corporation appear in a separate compendium of annual reports compiled by the Crown Investments Corporation.

The Compendium consists of two parts:

Part A - Educational Institutions
Crown Corporations
Trust Funds
Pension and Benefit Plans

Part B - Other Entities
Health Care
Revolving Funds
Agricultural Entities

Each Part includes a complete table of contents for the whole Compendium, as well as a complete alphabetical listing, with page number reference, in an index.

Internet Address

The Compendium of Financial Statements is on the Internet at http://www.gov.sk.ca/finance

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AUDITORS' REPORT

To The Directors
Carlton Trail Regional College

We have audited the statement of financial position of Carlton Trail Regional College as at June 30, 2001 and the statements of operations, changes in fund balances and cash flows for the year then ended. The College is responsible for preparing these financial statements for Treasury Board's approval. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. These standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the College as at June 30, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

EJC Dudley & Co
Chartered Accountants

Wynyard, Saskatchewan
September 19, 2001

Statement 1

Carlton Trail Regional College
Statement of Financial Position
as at June 30, 2001

	2001			2000
	Operating	Capital	Total	(Restated Note 15)
Assets				
Current Assets				
Cash and Temporary Investments	$ 432,410	0	432,410	363,623
Accounts Receivable (Note 3)	140,425	0	140,425	266,868
Inventories	14,042	0	14,042	10,961
Prepaid Expense	17,177	0	17,177	17,137
	604,054	0	604,054	658,589
Capital Assets (Note 4)	0	1,171,962	1,171,962	1,278,026
	$ 604,054	1,171,962	1,776,016	1,936,615
Liabilities				
Current Liabilities				
Accounts Payable (Note 6)	$ 240,275	0	240,275	182,792
Deferred Revenue (Note 7)	154,733	0	154,733	263,694
Current Portion of Long Term Debt (Note 8)	0	0	0	3,484
	395,008	0	395,008	449,970
Long-Term Debt (Note 8)	0	0	0	0
Fund Balances				
Invested in Capital Assets	0	1,171,962	1,171,962	1,274,542
Internally restricted as reserves (Note 9)	95,955	0	95,955	95,955
Unrestricted	113,091	0	113,091	116,148
	209,046	1,171,962	1,381,008	1,486,645
	$ 604,054	1,171,962	1,776,016	1,936,615

The accompanying notes form an integral part of these financial statements.

APPROVED BY THE BOARD

Statement 2

Carlton Trail Regional College
Statement of Operations
for the year ended June 30, 2001

	Operating			Capital		Total	
	Budget (note 10)	2001	2000	2001	2000	2001	2000
Revenues (Schedule 1)							
Saskatchewan Post-Secondary Education and Skills Training	$ 2,341,569	2,805,992	2,660,095	24,340	329,543	2,830,332	2,989,638
Federal Government	325,215	278,649	359,551	0	0	278,649	359,551
Other Revenue	760,451	703,638	710,750	0	38,449	703,638	749,199
Total revenues	$ 3,427,235	3,788,279	3,730,396	24,340	367,992	3,812,619	4,098,388
Expenses (Schedule 2)							
Contractual and Professional Services	$ 901,254	1,122,306	938,703	0	0	1,122,306	938,703
Rentals	162,480	216,699	227,661	0	0	216,699	227,661
Repairs and Maintenance	30,100	21,499	23,867	0	0	21,499	23,867
Amortization	0	0	0	155,992	172,519	155,992	172,519
Operating Expenses (Schedule 3)	426,667	444,471	471,872	71	784	444,542	472,656
Personal Services	1,846,731	1,957,218	1,982,111	0	0	1,957,218	1,982,111
Total expenses	$ 3,367,232	3,762,193	3,644,214	156,063	173,303	3,918,256	3,817,517
Excess/(deficiency) of revenue over expenses	$ 60,003	26,086	86,182	(131,723)	194,689	(105,637)	280,871

The accompanying notes form an integral part of these financial statements.

Statement 3

Carlton Trail Regional College
Statement of Change in Fund Balances
for the year ended June 30, 2001

	Capital			Operating			
	Invested in capital assets	Externally restricted assets	Internally restricted assets	Internally restricted assets (Note 9)	Unrestricted	2001	2000 (restated Note 15)
Balance, beginning of the year (Restated)	$ 1,274,542	0	0	95,955	116,148	1,486,645	1,205,774
Excess(deficiency) of revenue over expenses	(131,723)				26,086	(105,637)	280,871
Interfund transfers (Note 9)	29,143	0	0	0	(29,143)	0	0
	$ 1,171,962	0	0	95,955	113,091	1,381,008	1,486,645
Balances, end of year		$ 1,171,962			209,046		

The accompanying notes form an integral part of these financial statements.

Statement 4

Carlton Trail Regional College
Statement of Cash Flows
for the year ended June 30, 2001

	2001	2000
Cash from operating activities		
Excess(deficiency) of revenue over expenses	$ (105,637)	280,871
Amortization of capital assets	155,992	172,519
(Increase) decrease in accounts receivable	126,443	(87,930)
(Increase) decrease in inventory	(3,081)	(3,349)
(Increase) decrease in prepaid expenses	(40)	19,740
Increase (decrease) in Deferred Revenue	(108,961)	25,270
Increase (decrease) in Accounts Payable	57,483	17,513
	122,199	424,634
Investing activities		
Purchase of capital assets	(49,928)	(1,006,651)
	(49,928)	(1,006,651)
Financing activities		
Repayment of long-term debt	(3,484)	(18,716)
	(3,484)	(18,716)
Increase(decrease) in cash during year	68,787	(600,733)
Cash equivalents at the beginning of the year (Note 2)	363,623	964,356
Cash equivalents at the end of the year	$ 432,410	363,623

The accompanying notes form an integral part of these financial statements.

CARLTON TRAIL REGIONAL COLLEGE
Notes to the Financial Statements
for the year ended June 30, 2001

1. PURPOSE AND AUTHORITY

The Carlton Trail Regional College offers educational services and programs under the authority of Section 14 of The Regional Colleges Act.

The Board of the Carlton Trail Regional College is responsible for administering and managing the educational affairs of the College in accordance with the intent of The Regional Colleges Act and its regulations.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant policies:

(a) Fund Accounting

The accounts of the College are maintained in accordance with the principles of fund accounting. For financial reporting purposes, accounts with similar characteristics have been combined into the following major funds:

(i) Operating Fund

The operating fund consists of those revenues and expenses relating to the general operations of the College.

(ii) Capital Fund

The capital fund reflects the undepreciated capital assets of the college and the equity of the College in capital assets, after taking into consideration any associated long term debt. The capital fund consists of transfers and donations designated for capital purposes by the contributor, net of the annual amortization expense. Also included in the capital fund are the appropriations for future capital expenditures.

(b) Revenue Recognition

The College follows the restricted fund method of accounting for grants. Restricted transfers related to general operations are recognized as revenue of the operating fund in the year in which the related expenses are incurred. Transfers restricted for capital assets are recognized as revenue of the capital fund when received or receivable.

Unrestricted operating transfers are recognized as revenue of the operating fund when received or receivable. Tuition and fee revenue is recognized as the course instruction is delivered. Revenue from contractual services is recognized as the service is delivered.

(c) Capital Assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is charged on a straight-line basis over the estimated useful lives of the assets at the following terms, and is reported as an expense in the capital fund:

Buildings	20 years
Furniture and Equipment	3 to 5 years
Leasehold Improvements	Term of Lease or estimated useful life

CARLTON TRAIL REGIONAL COLLEGE
Notes to the Financial Statements
for the year ended June 30, 2001

(d) **Inventories**
Inventories are recorded at the lower of cost and net realizable value.

(e) **Investments**
Investments are recorded at the lower of cost and market value.

(f) **Cash and Temporary Investments** are represented by cash on hand and balances with banks.

3. ACCOUNTS RECEIVABLE

Accounts receivable are composed of the following:

	2001	2000
Saskatchewan Post-Secondary Education and Skills Training	$ 29,356	$ 83,551
Federal Government	12,088	48,329
Other	98,981	134,988
	$140,425	$266,868

4. CAPITAL ASSETS

	Cost	Accumulated Amortization	2001 Net Book Value	2000 Net Book Value
Land	$ 600	0	600	600
Buildings	198,975	86,529	112,446	122,394
Furnishings/Equipment	849,327	749,514	99,813	130,865
Leasehold Improvements	1,170,549	211,446	959,103	1,024,167
	2,219,451	1,047,489	1,171,962	1,278,026

5. COMMITMENTS

The College is obligated under the following lease agreements:

(a) Administration Building: A five year lease, expiring June 30, 2006, calls for monthly rental payments of $5,000 plus GST.

(b) Humboldt Education Centre: The joint-use Operating Agreement (three years) requires an annual maintenance fee of $2,400 per month.

CARLTON TRAIL REGIONAL COLLEGE
Notes to the Financial Statements
for the year ended June 30, 2001

(c) Watrous facility: An open-ended lease (99 years) with Long Lake School Division specifying payment of operating costs only.

(d) Equipment: The College is committed to an annual lease payment of $9,285 plus sales taxes in respect of photocopier equipment. The lease expires February, 2002.

(e) Wynyard Facility: A 10 year lease expiring December 31, 2009 specifying payment of operating costs only.

6. ACCOUNTS PAYABLE

Accounts payable are composed of the following:

	2001	2000
Accrued Vacation Pay	$ 69,231	$ 57,839
Payroll and Employee Benefits	57,436	32,564
Trade Payables	113,608	53,289
Provision for Retro Pay	0	39,100
	$240,275	$182,792

7. DEFERRED REVENUE

Deferred revenue consists of transfers received to carry out specific activities in excess of the expenses incurred on those activities at the end of the fiscal year as follows:

	2001	2000
Saskatchewan Post-Secondary Education and Skills Training	$154,733	$258,952
Federal Government	- 0 -	- 0 -
Other	- 0 -	4,742
	$154,733	$263,694

8. LONG TERM DEBT

	Interest Rate	Annual Repayment Terms	2001	2000
Royal Bank of Canada secured by mortgage on welding shop	Prime + 1%	$18,000 principal & interest	$ -0-	$3,484
Less: Current Portion			-0-	(3,484)
			$ -0-	$ -0-

CARLTON TRAIL REGIONAL COLLEGE
Notes to the Financial Statements
for the year ended June 30, 2001

9. RESTRICTIONS ON NET ASSETS

The Board of Directors of Carlton Trail Regional College have placed internal restrictions on $95,955(2000 - $95,955) of unrestricted net assets to be used for future expenditures. These internally restricted amounts are not available for other purposes without approval of the Board of Directors.

$29,143 was transferred from unrestricted operating funds to capital assets for the purchase of information technology equipment, computers and office equipment.

10.BUDGET AMOUNTS

The budget submitted with the Business Plan was prepared by Regional College management with Board approval given on June 20,2000. Ministerial approval was received December 18, 2000.

11.RELATED PARTY TRANSACTIONS

These financial statements include transactions with related parties. The College is related to all Saskatchewan Crown Agencies such as departments, corporations, boards and commissions under the common control of the Government of Saskatchewan. Also, the College is related to non-Crown enterprises that the Government jointly controls or significantly influences.

Routine operating transactions with related parties are recorded at the rates charged by those organizations and are settled on normal trade terms.

	2001	2000
SaskTel Expenses	$66,831	$90,229
SaskPower &Energy Expenses	22,802	22,809
SIAST	353,434	329,902
Sask. Property Management	46,759	41,975

During the year the College continued a contract with Saskatchewan Communications Network (SCN) to deliver various training and educational programs. The College received $99,000 during the year from SCN for these programs (2000 - $99,000).

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and the notes thereto.

12.FINANCIAL INSTRUMENTS

(a) The carrying amount of cash and temporary investments, accounts receivable, accounts payable and accrued salaries, and vacation payable approximates fair value due to the short term maturity of these instruments. There are no significant terms or conditions related to these financial instruments that may affect the amount, timing, or certainty of future cash flows.

(b) The College is exposed to credit risk from the potential non-payment of accounts receivable. The majority of the college's receivables are from the provincial and federal government, therefore, credit risk is minimal.

13.PENSIONS

Employees of the College participate in one of two pension plans. Teachers and other employees holding a teaching certificate participate in a defined benefit plan, the Teachers' Superannuation Plan (TSP) which is administered by the Teachers' Superannuation Commission. The Board has no financial obligation to TSP. Eligible employees contribute to TSP for their current service. No matching contribution is made by the College. The General Revenue Fund is responsible for the financial obligations of the TSP. All other employees participate through Municipal Employees' Pension Plan (MEPP) which is a multi-employer defined benefit plan. The last actuarial valuation of the MEPP indicated there was a surplus in the plan. The College's financial obligation to the MEPP is limited to making required payments to match amounts contributed by employees for current services. Pension expense for the year 2001 amounted to $54,943 (2000 - $38,743).

14.SASKATCHEWAN CAP YOUTH PROJECT

During the year the College entered into an agreement with Industry Canada to pay wages to employees of the NetCorps Canada Community Access Program Youth Employment Project for the Province of Saskatchewan. The project employs youth in rural communities to ensure that Canadians in remote and rural areas have affordable access to the information highway.

An administration margin of approximately $7,200 was anticipated from the agreement. During the year, Youth Internships contracts totaling $177,399 were paid out to 40 Community Access Project Sites.

15.PRIOR PERIOD ADJUSTMENT

An accounting error was made on the Basic Education conditional grant from Saskatchewan Post-Secondary Education and Skills Training in the 1998/99 fiscal year, resulting in an overstatement of accounts receivable and revenues of $44,864 in that year. The error has been corrected this year by reducing the beginning balances of the unrestricted operating fund and accounts receivable by $44,864.

Schedule 1

Carlton Trail Regional College
Schedule of Operating Fund Revenues by Function
for the year ended June 30, 2001

	Administration	Programming				Support Services				
	General Revenue	Community & Individual Development	Adult Basic Education	Vocational Technical	University Credit	Career Services	Student Services	2001 TOTAL	2001 Budget	2000 Total
Post-Secondary Education and Skills Training										
Admin Recovery	$ 94,000	0	0	9,744	0	0	10,870	114,614	121,500	106,500
Base Grant	1,193,938	0	0	0	0	0	0	1,193,938	1,116,514	1,065,650
Program Payments	0	0	286,221	690,580	0	50,000	17,500	1,044,301	944,055	862,627
Regional Services Branch	20,000	157,570	(4)	0	0	0	0	177,566	119,500	268,204
Other	0	0	35,000	240,573	0	0	0	275,573	40,000	357,114
	1,307,938	157,570	321,217	940,897	0	50,000	28,370	2,805,992	2,341,569	2,660,095
Federal Government										
Admin Recovery	0	0	0	0	0	0	0	0	15,000	0
Projects	15,000	263,649	0	0	0	0	0	278,649	310,215	359,551
	15,000	263,649	0	0	0	0	0	278,649	325,215	359,551
Other										
Admin Recovery	11,086	0	171	0	0	28	0	11,285	13,000	12,413
Contracts	0	16,900	0	81,256	54,450	0	0	152,606	216,195	180,249
Interest	27,654	0	0	0	0	0	0	27,654	12,000	37,502
Rents	24,858	604	0	375	0	0	0	25,837	27,880	30,672
Resale Items	220	17,641	1,042	53,376	0	0	0	72,279	0	68,776
Tuitions	0	160,203	583	232,316	0	0	0	393,102	437,692	350,811
Other	13,905	1,748	1,824	1,085	659	0	1,654	20,875	53,684	30,327
	77,723	197,096	3,620	368,408	55,109	28	1,654	703,638	760,451	710,750
Total Revenue	1,400,661	618,315	324,837	1,309,305	55,109	50,028	30,024	3,788,279	3,427,235	3,730,396
Total Expense (Schedule 2)	1,604,109	526,651	256,789	1,055,218	89,177	167,836	62,413	3,762,193	3,367,232	3,644,214
Excess(deficiency) of revenue over expenses	$ (203,448)	91,664	68,048	254,087	(34,068)	(117,808)	(32,389)	26,086	60,003	86,182

Schedule 2

Carlton Trail Regional College
Schedule of Operating Fund Expenses by Function
for the year ended June 30, 2001

	General Administration			Programming				Support Services				
	Board	Administrative	Organizational	Non-credit	Adult Basic Education	Vocational Technical	University Credit	Career Services	Student Services	2001 total	2001 Budget	2000 Total
Contractual and Professional Services	$ -	42,077	14,052	391,647	15,311	578,412	60,000	2,010	18,797	1,122,306	901,254	938,703
Rentals	192	87,449	38,425	15,407	22,267	43,072	0	9,238	649	216,699	162,480	227,661
Repairs and Maintenance	0	10,494	6,557	449	884	1,613	285	983	234	21,499	30,100	23,867
Operating (Schedule 3)	24,198	137,517	92,700	59,489	14,399	101,983	3,055	8,251	2,879	444,471	426,667	471,872
Personal Services	19,446	511,525	619,477	59,659	203,928	330,138	25,837	147,354	39,854	1,957,218	1,846,731	1,982,111
	$ 43,836	789,062	771,211	526,651	256,789	1,055,218	89,177	167,836	62,413	3,762,193	3,367,232	3,644,214

Schedule 3

Carlton Trail Regional College
Schedule of Operating Expenses
for the year ended June 30, 2001

		2001	2000
Operating Expenses			
Advertising	$	30,738	35,914
Association Fees and Dues		9,721	8,354
Bad Debts		3,600	11,730
Bank Charges and Interest		366	148
Computer Software		7,040	7,322
Conference and Training Fees		16,669	21,796
Insurance		15,312	11,292
Materials and Supplies		61,236	69,187
Postal, Freight and Courier		19,362	21,681
Printing and Duplicating		632	5,420
Resale Items		70,332	72,709
Subscriptions		1,478	1,656
Telephone and Fax		62,080	68,928
Travel		82,940	84,649
Utilities		34,838	31,373
Other		12,950	8,826
Equipment under capitalization amount		15,177	10,887
Total	$	444,471	471,872

Schedule 4

Carlton Trail Regional College
Schedule of Reserve Transactions
for the year ended June 30, 2001

	Balance, Beginning of Year	Add: Appropriations from unrestricted net assets	Add: Interest allocated from unrestricted net assets	Less: Transfers to unrestricted net assets	Balance, end of the year
Operating	$ 95,955	0	0	0	95,955
Total	**$ 95,955**	**0**	**0**	**0**	**95,955**

Neumann & Neumann
Chartered Accountants

Board of Directors
Cumberland Regional College
Nipawin, Saskatchewan

AUDITORS' REPORT

We have audited the statement of financial position of Cumberland Regional College as at June 30, 2001 and the statements of operations, changes in fund balances and cash flows for the year then ended. The College's management is responsible for preparing these financial statements for Treasury Board's approval. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the College as at June 30, 2001 and the results of its operations and the changes in cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

Nipawin, Saskatchewan
September 10, 2001

CUMBERLAND REGIONAL COLLEGE

STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2001

Statement 1

	2001			2000
	Operating	Capital	Total	Total
ASSETS				
Current Assets				
Cash and temporary investments	$ 468,113	$ 545,187	$1,013,300	$1,348,888
Accounts Receivable (note 3)	221,111	--	221,111	213,047
Prepaid expenses	10,166	--	10,166	14,042
	699,390	545,187	1,244,577	1,575,977
Investments (note 4)	500,000	--	500,000	500,000
Capital Assets (note 5)	--	1,005,350	1,005,350	1,061,995
	$1,199,390	$1,550,537	$2,749,927	$3,137,972
LIABILITIES				
Current Liabilities				
Accounts payable (note 7)	$ 98,303	$ --	$ 98,303	$ 84,878
Salaries payable	--	--	--	31,600
Accrued vacation payable	88,193	--	88,193	75,492
Deferred revenue (note 8)	523,880	--	523,880	626,212
	710,376	--	710,376	818,182
FUND BALANCES				
Invested in capital assets	--	1,005,350	1,005,350	1,061,995
Internally restricted as reserves (schedule 4)	156,050	545,187	701,237	776,719
Unrestricted	332,964	--	332,964	481,076
	489,014	1,550,537	2,039,551	2,319,790
	$1,199,390	$1,550,537	$2,749,927	$3,137,972

APPROVED ON BEHALF OF THE BOARD

Director

Director

See accompanying notes

CUMBERLAND REGIONAL COLLEGE

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2001

Statement 2

	Operating			Capital		Total	
	(Note 11) Budget	2001	2000	2001	2000	2001	2000
Revenues (Schedule 1)							
Saskatchewan Post-Secondary Education and Skills Training	$2,281,031	$2,448,443	$2,414,367	$ 326,000	$ --	$2,774,443	$2,414,367
Federal Government	15,000	25,404	30,750	--	--	25,404	30,750
Other Revenue	505,410	784,201	741,565	--	--	784,201	741,565
Total revenues	2,801,441	3,258,048	3,186,682	326,000	--	3,584,048	3,186,682
Expenses (Schedule 2)							
Contractual and Professional Services	727,191	730,964	870,690	326,000	--	1,056,964	870,690
Rentals	161,320	164,316	158,835	--	--	164,316	158,835
Repairs and Maintenance	24,508	6,615	11,542	--	--	6,615	11,542
Amortization	--	--	--	125,756	146,266	125,756	146,266
Operating Expenses (Schedule 3)	436,302	459,933	464,598	--	--	459,933	464,598
Personal Services	1,840,196	2,050,703	1,723,700	--	--	2,050,703	1,723,700
Total expenses	3,189,517	3,412,531	3,229,365	451,756	146,266	3,864,287	3,375,631
Excess/(deficiency)of revenues over expenses	$ (388,076)	$ (154,483)	$ (42,683)	$ (125,756)	$ (146,266)	$ (280,239)	$ (188,949)

See accompanying notes

CUMBERLAND REGIONAL COLLEGE

STATEMENT OF CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2001

Statement 3

	Invested in capital assets	Internally restricted assets	Unrestricted assets	2001 Total	2000 Total
Balance, beginning of the year	$1,061,995	$ 776,719	$ 481,076	$2,319,790	$2,508,739
Excess/(deficiency) of revenue over expenses	(125,756)	--	(154,483)	(280,239)	(188,949)
Investment in capital assets (note 9)	69,111	--	(69,111)	--	--
Transfers between funds (note 9)	--	(75,482)	75,482	--	--
	$1,005,350	$ 701,237	$ 332,964	$2,039,551	$2,319,790

See accompanying notes

CUMBERLAND REGIONAL COLLEGE

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2001

Statement 4

	2001			2000
	Operating	Capital	Total	Total
CASH PROVIDED BY (USED IN):				
Operating Activities				
Excess (deficiency) of revenue over expenses	$ (154,483)	$ (125,756)	$ (280,239)	$ (188,949)
Expenditure not requiring outlay of cash:				
Amortization	--	125,756	125,756	146,266
Net change in non-cash working capital (note 10)	(111,994)	--	(111,994)	179,430
	(266,477)	--	(266,477)	136,747
Investing Activities				
Purchase of capital assets	--	(69,111)	(69,111)	(83,349)
Decrease in investments	--	--	--	100,000
	--	(69,111)	(69,111)	16,651
Increase (decrease) in cash during year	(266,477)	(69,111)	(335,588)	153,398
Cash and temporary investments, beginning of year	803,701	545,187	1,348,888	1,195,490
Interfund transfers (note 9)	(69,111)	69,111	--	--
Cash and temporary investments, end of year	$ 468,113	$ 545,187	$ 1,013,300	$ 1,348,888

See accompanying notes

CUMBERLAND REGIONAL COLLEGE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001

1. PURPOSE AND AUTHORITY

The Cumberland Regional College offers educational services and programs under the authority of Section 14 of *The Regional Colleges Act*.

The Board of the Cumberland Regional College is responsible for administering and managing the educational affairs of the College in accordance with the intent of *The Regional Colleges Act* and its regulations.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant policies:

(a) Fund Accounting

The accounts of the College are maintained in accordance with the principles of fund accounting. For financial reporting purposes, accounts with similar characteristics have been combined into the following major funds:

(i) Operating Fund

The operating fund consists of those revenues and expenses relating to the general operations of the College.

(ii) Capital Fund

The capital fund reflects the equity of the College in capital assets after taking into consideration any associated long term debt. The capital fund consists of transfers and donations designated for capital purposes by the contributor, net of the annual amortization expense.

(b) Revenue recognition

The College follows the restricted fund method of accounting for grants. Restricted transfers related to general operations are recognized as revenue of the operating fund in the year in which the related expenses are incurred. Transfers restricted for capital assets are recognized as revenue of the capital fund when received or receivable.

CUMBERLAND REGIONAL COLLEGE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001

2. SIGNIFICANT ACCOUNTING POLICIES cont'd

(b) Revenue recognition cont'd

Unrestricted operating transfers are recognized as revenue of the operating fund when received or receivable. Tuition and fee revenue is recognized as the course instruction is delivered. Revenue from contractual services is recognized as the service is delivered.

(c) Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is charged on a straight-line basis over the estimated useful lives of the assets at the following rates, and is reported as an expense in the capital fund:

Buildings	5%
Leasehold improvements	5%
Furniture and equipment	10% to 33%
Vehicles	20%

(d) Investments

Investments are recorded at the lower of cost and market value.

3. ACCOUNTS RECEIVABLE

Accounts receivable are composed of the following:

	2001	2000
Saskatchewan Post-Secondary Education and Skills Training	$164,895	$133,920
SIAST	--	1,675
Federal government	10,401	36,278
Other	45,815	41,174
	$221,111	$213,047

CUMBERLAND REGIONAL COLLEGE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001

4. INVESTMENTS

Investments consist of:

	Interest Rate	Maturity Date	2001	2000
Sask Savings Bond	6.75%	July, 2000	$ --	$100,000
Sask Savings Bond	5.50%	July, 2001	150,000	150,000
Sask Savings Bond	5.00%	July, 2003	250,000	250,000
Sask Savings Bond	5.75%	July, 2005	100,000	--
			$500,000	$500,000

5. CAPITAL ASSETS

	2001			2000
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Buildings	$ 973,612	$ 242,449	$ 731,163	$ 779,844
Leasehold improvements	222,383	62,608	159,775	170,864
Furnishings/ equipment	507,100	392,688	114,412	111,287
Vehicles	23,486	23,486	--	--
	$1,726,581	$ 721,231	$1,005,350	$1,061,995

6. LEASE OBLIGATIONS

The College is committed under an annual term lease for office space at the following minimum amount for the next year (exclusive of proportionate increases and additional occupancy costs - the lease is negotiated annually):

2002	$18,750

CUMBERLAND REGIONAL COLLEGE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001

7. ACCOUNTS PAYABLE

Accounts payable are composed of the following:

	2001	2000
Province of Saskatchewan	$ 761	$ 9,294
Federal government	59,273	44,503
Other	38,269	31,081
	$ 98,303	$ 84,878

8. DEFERRED REVENUE

Deferred revenue consists of transfers received to carry out specific activities in excess of the expenses incurred on those activities at the end of the fiscal year as follows:

	2001	2000
Saskatchewan Post-Secondary Education and Skills Training	$523,880	$626,212

9. INTERFUND TRANSFERS

In 2001, the Board internally restricted and transferred from the operating fund $12,855 (2000-$88,686) for future operations. These internally restricted amounts are not available for unrestricted purposes without approval of the Board. The Board approved the transfer of $0 (2000-$24,906) from internally restricted funds to the capital fund for capital asset purchases and $88,337 (2000-$496,250) to be transferred to the operating fund. Also the Board approved the transfer of $69,111 (2000-$58,443) for the purchase of capital assets.

10. NET CHANGE IN NON-CASH WORKING CAPITAL

	2001	2000
Accounts receivable	$ (8,064)	$(28,778)
Prepaid expenses	3,876	(481)
Accounts payable, salaries payable and accrued vacation payable	(5,474)	537
Deferred revenue	(102,332)	208,152
Net increase (decrease) in cash	$(111,994)	$179,430

CUMBERLAND REGIONAL COLLEGE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001

11. BUDGET AMOUNTS

The budget was prepared by regional college management with Board approval given on May 23, 2000.

12. RELATED PARTY TRANSACTIONS

Included in these financial statements are revenue and expense amounts resulting from routine transactions with related parties. These transactions are conducted at agreed rates with various Saskatchewan Crown-controlled departments, agencies and corporations with which the College is related by virtue of its economic interest with the Government of Saskatchewan.

Expenses for related party transactions during the year were as follows:

	2001	2000
SaskTel expenses	$ 56,738	$ 54,390
Sask Property Management Corp. expenses	57,560	40,107
	$114,298	$ 94,497

Account balances from these transactions are included in the balance sheet and are settled on normal trade terms. Other transactions with related parties are disclosed elsewhere in these financial statements.

13. FINANCIAL INSTRUMENTS

(a) The carrying amount of cash and temporary investments, accounts receivable, accounts payable, salaries payable, and vacation payable approximates fair value due to the short term maturity of these instruments. There are no significant terms or conditions related to these financial instruments that may affect the amount, timing, or certainty of future cash flows.

The fair value of investments is considered to approximate market value which is $500,000 (2000 - $500,000).

(b) The College is exposed to credit risk from the potential non-payment of accounts receivable. The majority of the College's receivables are from the provincial and federal government, therefore, credit risk is minimal.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001

14. PENSIONS

Employees of the college participate in one of three pension plans. Teachers and other employees holding a teaching certificate participate in a defined benefit plan, the Teachers' Superannuation Plan (TSP) or the Saskatchewan Teachers Retirement Plan (STRP) which are administered by the Teachers' Superannuation Commission. The Board has no financial obligation to TSP or STRP. Eligible employees contribute to TSP and STRP for their current service. No matching contribution is made by the College. The General Revenue Fund is responsible for the required employer contributions of the STRP and for the financial obligations of the TSP. All other employees participate through Municipal Employees' Pension Plan (MEPP) which is also a multi-employer defined benefit plan. The last actuarial valuation of the MEPP indicated there was a surplus in the plan. The college's financial obligation to the MEPP is limited to making required payments to match amounts contributed by employees for current services. Pension expense for the year amounted to $42,891 (2000 - $35,125).

CUMBERLAND REGIONAL COLLEGE
SCHEDULE OF OPERATING FUND REVENUES BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2001

Schedule 1

	Administration	Programming							
	General Revenue	Community & Individual Development	Basic Education	Vocational Technical	University Credit	Career Services	2001 Total	2001 Budget	2000 Total
Post-Secondary Education and Skills Training									
Admin Recovery	$ 116,767	$ --	$ 3,365	$ 39,229	$ --	$ --	$ 159,361	$ 170,995	$ 128,150
Base Grant	796,900	--	--	--	--	--	796,900	699,376	631,015
Program Payments	--	5,583	450,347	882,696	--	1,758	1,340,384	1,308,160	1,457,843
Regional Services Branch Payments	20,000	--	3,895	--	--	105,643	129,538	85,000	147,359
Other	--	--	15,000	--	--	7,260	22,260	17,500	50,000
	933,667	5,583	472,607	921,925	--	114,661	2,448,443	2,281,031	2,414,367
Federal Government									
Admin Recovery	--	--	1,549	--	--	--	1,549	--	--
Seat Purchases	--	--	--	--	--	--	--	--	2,853
Projects	--	--	23,855	--	--	--	23,855	--	14,022
Other	--	--	--	--	--	--	--	15,000	13,875
	--	--	25,404	--	--	--	25,404	15,000	30,750
Other									
Admin Recovery	--	--	--	--	9,250	--	9,250	10,150	12,420
Contracts	--	74,917	30,837	--	83,250	4,289	193,293	105,850	212,261
Interest	114,420	--	--	--	--	--	114,420	54,500	117,730
Rents	815	--	--	--	--	--	815	--	5,238
Resale Items	1,394	18,867	--	50,223	43,340	75	113,899	84,500	99,512
Tuitions	--	100,903	--	214,740	--	--	315,643	239,410	260,917
Other	8,605	--	108	16,665	3,037	8,466	36,881	11,000	33,487
	125,234	194,687	30,945	281,628	138,877	12,830	784,201	505,410	741,565
Total Revenue	1,058,901	200,270	528,956	1,203,553	138,877	127,491	3,258,048	2,801,441	3,186,682
Total Expense (Schedule 2)	1,115,082	125,458	432,112	996,226	258,747	484,906	3,412,531	3,189,517	3,229,365
Excess/(deficiency) of revenue over expenses	$ (56,181)	$ 74,812	$ 96,844	$ 207,327	$(119,870)	$(357,415)	$ (154,483)	$ (388,076)	$ (42,683)

CUMBERLAND REGIONAL COLLEGE
SCHEDULE OF OPERATING FUND EXPENSES BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2001

Schedule 2

	General Administration			Programming							
	Board	Admini-strative	Organi-zational	Community & Individual Development	Adult Basic Education	Vocational Technical	University Credit	Career Services	2001 Total	2001 Budget	2000 Total
Contractual and Professional Services	$ --	$ 7,145	$ 12,519	$ 17,909	$ 2,496	$619,784	$ 60,126	$ 10,985	$ 730,964	$ 727,191	$ 870,690
Rentals	226	9,224	49,136	1,846	6,001	36,950	3,658	57,275	164,316	161,320	158,835
Repairs and Maintenance	--	--	6,401	--	--	88	126	--	6,615	24,508	11,542
Operating (Schedule 3)	25,514	35,613	135,243	51,598	28,866	76,268	67,083	39,748	459,933	436,302	464,598
Personal Services	17,785	275,076	541,200	54,105	394,749	263,136	127,754	376,898	2,050,703	1,840,196	1,723,700
	$ 43,525	$327,058	$744,499	$125,458	$432,112	$996,226	$258,747	$484,906	$3,412,531	$3,189,517	$3,229,365

CUMBERLAND REGIONAL COLLEGE

SCHEDULE OF OPERATING EXPENSES
FOR THE YEAR ENDED JUNE 30, 2001

Schedule 3

	2001 Total	2000 Total
Advertising	$ 47,793	$ 58,644
Association Fees and Dues	7,830	8,003
Bank Charges and Interest	549	722
Computer Software	6,924	12,532
Conference and Training Fees	8,633	6,659
Insurance	6,929	7,242
Materials and Supplies	65,416	76,294
Postal, Freight and Courier	10,509	9,303
Printing and Duplicating	25,392	3,224
Resale Items	116,600	103,910
Subscriptions	2,163	1,708
Telephone and Fax	56,738	61,693
Travel	81,932	79,965
Utilities	8,687	7,140
Other	13,838	27,559
	$459,933	$464,598

CUMBERLAND REGIONAL COLLEGE

SCHEDULE OF INTERNALLY RESTRICTED FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2001

Schedule 4

	Balance, beginning of the year	Appropriations from unrestricted net assets	Transfers to Other Funds	Balance, end of the year
Operating Fund				
Student Services	$ 4,000	$ --	$ 2,963	$ 1,037
Professional Development	19,192	--	4,141	15,051
Personal Professional Development	--	12,855	--	12,855
25th Anniversary Marketing	2,800	--	2,800	--
One Client Service Model	50,000	--	37,829	12,171
Strategic Plan Implementation	18,350	--	--	18,350
Class Plan Implementation	52,948	--	--	52,948
Basic Education Special Needs Tutors	28,000	--	28,000	--
Learning Centre	35,058	--	--	35,058
Basic Education - Tisdale	2,684	--	2,684	--
Learner Services - Tisdale	8,500	--	8,500	--
Public Relations	10,000	--	1,420	8,580
	231,532	12,855	88,337	156,050
Capital Fund				
Tech Lab - Tisdale	15,498	--	--	15,498
Capital	529,689	--	--	529,689
	545,187	--	--	545,187
	$ 776,719	$ 12,855	$ 88,337	$ 701,237

MNP
MEYERS NORRIS PENNY LLP

AUDITORS' REPORT

Board of Directors
Cypress Hills Regional College

We have audited the statement of financial position of Cypress Hills Regional College as at June 30, 2001 and the statements of operations and changes in fund balances, and cash flows for the year then ended. These financial statements are the responsibility of the college's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the college as at June 30, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Meyers Norris Penny LLP

Chartered Accountants

August 20, 2001

CYPRESS HILLS REGIONAL COLLEGE

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2001

Statement 1

	Operating Fund	Capital Fund	2001	2000
ASSETS				
Current				
Cash and temporary investments	$ 609,492	$ -	$ 609,492	$ 728,635
Accounts receivable [Note 3]	144,715	-	144,715	228,315
Inventory	4,379	-	4,379	8,633
Prepaid expenses	4,899	-	4,899	150
	763,485	-	763,485	965,733
Capital [Note 4]	-	1,038,726	1,038,726	915,804
	$ 763,485	$ 1,038,726	$ 1,802,211	$ 1,881,537
LIABILITIES				
Current				
Accounts payable	$ 86,567	$ -	$ 86,567	$ 58,942
Accrued salaries and vacation payable	75,106	-	75,106	77,440
Deferred revenue [Note 6]	186,339	-	186,339	357,084
Tuition fee deposits	3,885	-	3,885	8,942
	351,897	-	351,897	502,408
FUND BALANCES - Statement 2				
Invested in capital assets	-	1,038,726	1,038,726	915,804
Internally restricted [Note 7]	319,201	-	319,201	194,400
Unrestricted	92,387	-	92,387	268,925
	411,588	1,038,726	1,450,314	1,379,129
	$ 763,485	$ 1,038,726	$ 1,802,211	$ 1,881,537

Approved on behalf of the Board

Director

Director

See accompanying notes to financial statements

CYPRESS HILLS REGIONAL COLLEGE

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2001

Statement 2

	Operating Fund			Capital Fund		Total	
	Budget [Note 8]	2001	2000	2001	2000	2001	2000
REVENUES (Schedule 1)							
Saskatchewan Post-Secondary Education and Skills Training	$ 2,889,901	$ 2,912,153	$ 2,339,481	$ 60,000	$ 64,740	$ 2,972,153	$ 2,404,221
Federal government	37,448	32,839	89,721	-	-	32,839	89,721
Other	632,939	791,010	829,576	-	19,134	791,010	848,710
	3,560,288	3,736,002	3,258,778	60,000	83,874	3,796,002	3,342,652
EXPENSES (Schedule 2)							
Contractual and professional services	618,103	777,707	622,640	-	-	777,707	622,640
Rentals	83,452	76,367	74,827	-	-	76,367	74,827
Repairs and maintenance	41,300	41,251	47,488	-	-	41,251	47,488
Operating expenses (Schedule 3)	535,032	505,275	504,195	-	-	505,275	504,195
Personal services	2,260,179	2,197,985	1,843,968	-	-	2,197,985	1,843,968
Amortization	-	-	-	126,232	147,600	126,232	147,600
	3,538,066	3,598,585	3,093,118	126,232	147,600	3,724,817	3,240,718
Excess (deficiency) of revenue over expenses	$ 22,222	137,417	165,660	(66,232)	(63,726)	71,185	101,934
Fund balances, beginning of year		463,326	338,526	915,803	938,669	1,379,129	1,277,195
Interfund transfers [Note 12]		(189,155)	(40,860)	189,155	40,860	-	-
FUND BALANCES, END OF YEAR		$ 411,588	$ 463,326	$ 1,038,726	$ 915,803	$ 1,450,314	$ 1,379,129

See accompanying notes to financial statements

CYPRESS HILLS REGIONAL COLLEGE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2001

Statement 3

	2001	2000
CASH FROM OPERATING ACTIVITIES		
Excess of revenues over expenses	$ 71,185	$ 101,934
Amortization of capital assets	126,232	147,600
Net change in non-cash working capital [Note 13]	(67,406)	(55,439)
	130,011	194,095
INVESTING ACTIVITIES		
Additions to capital assets	(249,154)	(124,734)
NET INCREASE (DECREASE) IN CASH AND TEMPORARY INVESTMENTS	(119,143)	69,361
Cash and temporary investments at beginning of year	728,635	659,274
CASH AND TEMPORARY INVESTMENTS AT END OF YEAR	$ 609,492	$ 728,635

See accompanying notes to financial statements

CYPRESS HILLS REGIONAL COLLEGE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2001

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1. PURPOSE AND AUTHORITY

The Cypress Hills Regional College offers educational services and programs under the authority of Section 14 of *The Regional Colleges Act.*

The Board of the Cypress Hills Regional College is responsible for administering and managing the educational affairs of the college in accordance with the intent of *The Regional Colleges Act* and its regulations.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

(a) Fund Accounting

The accounts of the college are maintained in accordance with the principles of fund accounting. For financial reporting purposes, accounts with similar characteristics have been combined into the following main funds:

(i) Operating Fund

The operating fund consists of those revenues and expenses relating to the general operations of the college.

(ii) Capital Fund

The capital fund reflects the equity of the college in capital assets after taking into consideration any associated long term debt. The capital fund consists of transfers and donations designated for capital purposes by the contributor, net of the annual amortization expense.

(b) Revenue Recognition

The college follows the restricted fund method of accounting for grants. Restricted transfers related to general operations are recognized as revenue of the operating fund in the year in which the related expenses are incurred. Transfers restricted for capital assets are recognized as revenue of the capital fund when received or receivable.

Unrestricted operating transfers are recognized as revenue of the operating fund when received or receivable. Tuition and fee revenue is recognized as the course instruction is delivered. Revenue from contractual services is recognized as the service is delivered.

CYPRESS HILLS REGIONAL COLLEGE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2001

---

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Capital Assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is charged on a straight line basis over the estimated useful life of the assets at the following rates, and is reported as an expense in the capital fund:

Buildings	5%
Pavement	20%
Furniture and equipment	10 - 33%

d) Inventory

Inventory is recorded at the lower of cost and net realizable value.

e) Investments

Investments are recorded at the lower of cost and market value.

3. ACCOUNTS RECEIVABLE

	2001	2000
Saskatchewan Post-Secondary Education and Skills Training	$ 41,261	$ 70,338
Federal government	15,316	21,852
Other	88,138	136,125
	$ 144,715	$ 228,315

4. CAPITAL

	2001			2000
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	$ 50,000	$ -	$ 50,000	$ 50,000
Buildings	1,220,402	385,946	834,456	718,647
Pavement	29,756	17,854	11,902	17,854
Furniture and equipment	758,349	615,981	142,368	129,303
	$ 2,058,507	$ 1,019,781	$ 1,038,726	$ 915,804

CYPRESS HILLS REGIONAL COLLEGE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2001

---

5. COMMITMENTS

The college is obligated under the following lease agreements:

a) **Gravelbourg Learning Centre**

A three year agreement, entered into with the Golden Plains School Division #124 effective from July 1, 2001 specifies a rental of $7,740 per year.

b) **Shaunavon Learning Centre**

A one-year agreement continuing thereafter on a year to year basis, entered into with the Shaunavon School Division #71 effective August 1, 1994 specifies a rental of $4,800 per year.

6. DEFERRED REVENUE

Deferred revenue consists of transfers received to carry out specific activities in excess of the expenses incurred on those activities at the end of the fiscal year.

	2001	2000
Saskatchewan Post-Secondary Education and Skills Training	$ 186,339	$ 335,671
Federal government	-	17,680
Other	-	3,733
	$ 186,339	$ 357,084

7. RESTRICTIONS ON NET ASSETS

The Board of Directors of Cypress Hills Regional College have placed internal restrictions on $319,201 ($194,400 in 2000) of unrestricted net assets to be used for future expenditures. These internally restricted amounts are not available for other purposes without approval of the Board of Directors. Schedule 4 details the internal restrictions and the individual amounts under each restriction.

8. BUDGET

The budget was prepared by regional college management with Board approval given on June 26, 2000. Ministerial approval was received December 18, 2000.

CYPRESS HILLS REGIONAL COLLEGE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2001

9. RELATED PARTY TRANSACTIONS

These financial statements include transactions with related parties. The college is related to all Saskatchewan Crown agencies such as departments, corporations, boards and commissions under the common control of the Government of Saskatchewan. Also, the college is related to non-Crown enterprises that the Government jointly controls or significantly influences.

Routine operating transactions with related parties are recorded at the rates charged by those organizations and are settled on normal trade terms. These transactions, and amounts outstanding at year end, are as follows:

The college brokerages course programs from the Saskatchewan Institute of Applied Science and Technology. The amount incurred during the year amounted to $337,440 (2000 - $346,891).

The college purchased telephone and utilities services from Saskatchewan Crown Corporations in the amount of $73,654 (2000 - $89,644).

The college offers courses through the University of Regina. The amount paid to the university was $82,823 (2000 - $99,307).

The college paid $25,167 (2000 - $25,342) to Saskatchewan Property Management Corporation for vehicle leases and mail services.

The college holds Saskatchewan Savings Bonds with a face value of $100,000, maturing July 15, 2005, with an interest rate of 5.75%

Other transactions with related parties and amounts due to or from them are described separately in the financial statements and the notes thereto.

10. FINANCIAL INSTRUMENTS

a) Fair Value

The carrying amount of cash and temporary investments, accounts receivable, accounts payable and accrued salaries and vacation payable approximates fair value due to the short-term maturity of these instruments. There are no significant terms or conditions related to these financial instruments that may affect the amount, timing, or certainty of future cash flows.

b) Credit Risk

The college is exposed to credit risk from the potential non-payment of accounts receivable. The majority of the college's accounts receivable are from the provincial and federal governments, therefore, credit risk is minimal.

CYPRESS HILLS REGIONAL COLLEGE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2001

11. PENSIONS

Employees of the college participate in one of the two pension plans. Teachers and other employees holding a teaching certificate participate in a defined benefit plan, the Teachers' Superannuation Plan (TSP), which is administered by the Teachers' Superannuation Commission. The college has no financial obligation to TSP. Eligible employees contribute to TSP for their current service. No matching contribution is made by the college. The General Revenue Fund is responsible for the financial obligations of the TSP.

All other employees participate through Municipal Employees' Pension Plan (MEPP), which is a multi-employer defined benefit plan. The last actuarial valuation of the MEPP indicated there was a surplus in the plan. The college's financial obligation to the MEPP is limited to making required payments to match amounts contributed by employees for current services. Pension expense for the year amounted to $63,006 (2000 - $52,964).

12. INTERFUND TRANSFERS

In the year ended June 30, 2001, the Board approved a transfer of $189,155 from the operating fund to the capital fund to be used for capital purchases.

13. NET CHANGE IN NON-CASH WORKING CAPITAL

	2001	2000
Decrease (increase) in		
Accounts receivable	$ 83,600	$ (124,858)
Inventory	4,254	4,355
Prepaid expenses	(4,749)	8,531
Increase (decrease) in		
Accounts payable	27,625	15,293
Accrued salaries and vacation payable	(2,334)	14,703
Deferred revenue	(170,745)	23,135
Tuition fee deposits	(5,057)	3,402
	$ (67,406)	$ (55,439)

14. ECONOMIC DEPENDENCE

As the college's primary source of income is derived from funding from Saskatchewan Post-Secondary Education, its ability to continue as a viable operation is dependent upon maintaining this funding for educational service contract with Saskatchewan Post-Secondary Education.

15. COMPARATIVE FIGURES

(a) The comparative figures were reported by Stark & Marsh Chartered Accountants in their auditor's report dated August 25, 2000.

(b) Certain comparative figures have been reclassified or adjusted to conform to the current year's basis of presentation.

M121

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Cypress Hills Regional College
Schedule of Operating Fund Revenues by Function
For The Year Ended June 30, 2001

Schedule 1

	Administration	Programming				Support Services				
	General	Community and Individual Development	Adult Basic Education	University Credit	Vocational Technical	Student Services	Career Services	2001 Total	2001 Budget [Note 8]	2000 Total
Revenues:										
Post-Secondary Education and Skills Training										
Administration	$ 110,291	$ -	$ -	$ -	$ -	$ 10,150	$ -	$ 120,441	$ 114,650	$ 117,558
Base grant	1,510,570	-	-	-	-	-	-	1,510,570	1,403,635	1,048,995
Program payments	-	-	321,596	-	762,126	31,980	-	1,115,702	1,178,006	1,012,459
Regional Service Branch contracts	20,000	-	8,026	-	-	-	80,715	108,741	117,210	130,209
Rent	40,000	-	-	-	-	-	-	40,000	-	30,000
Other	4,933	-	-	-	-	11,731	35	16,698	76,400	260
	1,685,795	-	329,622	-	762,127	53,861	80,750	2,912,153	2,889,901	2,339,481
FEDERAL GOVERNMENT										
Administration	-	-	-	-	-	-	-	-	-	2,793
Contracts	-	-	30,843	-	-	-	-	30,843	36,448	70,723
Other	1,996	-	-	-	-	-	-	1,996	1,000	16,205
	1,996	-	30,843	-	-	-	-	32,839	37,448	89,721
OTHER										
Contracts	76,463	3,099	21,591	13,631	22,635	-	-	137,419	157,320	156,692
Interest and dividends	58,360	-	-	-	-	-	-	58,360	20,000	44,284
Rents	6,833	-	-	-	-	-	-	6,833	3,800	3,639
Resale Items	3,246	180	-	-	-	-	-	3,426	500	2,050
Tuition	-	125,663	50	69,463	359,145	-	-	554,321	436,019	421,277
Other	22,432	577	-	-	4,092	3,550	-	30,651	15,300	201,636
	167,334	129,519	21,641	83,094	385,872	3,550	-	791,010	632,939	829,576
Total Revenue	1,855,125	129,519	382,106	83,094	1,147,999	57,411	80,750	3,736,002	3,560,288	3,258,778
Total Expense (Schedule 2)	1,829,293	93,949	327,600	99,565	963,971	154,794	129,413	3,598,585	3,538,066	3,093,118
Excess (Deficiency) of Revenue over Expenses	$ 25,832	$ 35,570	$ 54,506	$ (16,471)	$ 184,028	$ (97,383)	$ (48,663)	$ 137,417	$ 22,222	$ 165,660

See accompanying notes to financial statements

Cypress Hills Regional College
Schedule of Operating Fund Revenues by Function
For The Year Ended June 30, 2001

Schedule 1

	Administration	Programming				Support Services				
	General	Community and Individual Development	Adult Basic Education	University Credit	Vocational Technical	Student Services	Career Services	2001 Total	2001 Budget [Note 8]	2000 Total
Revenues:										
Post-Secondary Education and Skills Training										
Administration	$ 110,291	$ -	$ -	$ -	$ -	$ 10,150	$ -	$ 120,441	$ 114,650	$ 117,558
Base grant	1,510,570	-	-	-	-	-	-	1,510,570	1,403,635	1,048,995
Program payments	-	-	321,596	-	762,126	31,980	-	1,115,702	1,178,006	1,012,459
Regional Service Branch contracts	20,000	-	8,026	-	-	-	80,715	108,741	117,210	130,209
Rent	40,000	-	-	-	-	-	-	40,000	-	30,000
Other	4,933	-	-	-	-	11,731	35	16,699	76,400	260
	1,685,795	-	329,622	-	762,127	53,861	80,750	2,912,153	2,889,901	2,339,481
FEDERAL GOVERNMENT										
Administration	-	-	-	-	-	-	-	-	-	2,793
Contracts	-	-	30,843	-	-	-	-	30,843	36,448	70,723
Other	1,996	-	-	-	-	-	-	1,996	1,000	16,205
	1,996	-	30,843	-	-	-	-	32,839	37,448	89,721
OTHER										
Contracts	76,463	3,099	21,591	13,631	22,635	-	-	137,419	157,320	156,692
Interest and dividends	58,360	-	-	-	-	-	-	58,360	20,000	44,284
Rents	6,833	-	-	-	-	-	-	6,833	3,800	3,639
Resale Items	3,246	180	-	-	-	-	-	3,426	500	2,050
Tuition	-	125,663	50	69,463	359,145	-	-	554,321	436,019	421,277
Other	22,432	577	-	-	4,092	3,550	-	30,651	15,300	201,636
	167,334	129,519	21,641	83,094	385,872	3,550	-	791,010	632,939	829,576
Total Revenue	1,855,125	129,519	382,106	83,094	1,147,999	57,411	80,750	3,736,002	3,560,288	3,258,778
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Excess (Deficiency) of Revenue over Expenses	$ 25,832	$ 35,570	$ 54,506	$ (16,471)	$ 184,028	$ (97,383)	$ (48,663)	$ 137,417	$ 22,222	$ 165,660

See accompanying notes to financial statements

Cypress Hills Regional College
Schedule of Operating Fund Expenses by Function
For The Year Ended June 30, 2001

Schedule 2

	General Administration			Programming				Support Services				
	Board	Administration	Organizational	Community and Individual Development	Adult Basic Education	University Credit	Vocational Technical	Student Services	Career Services	2001 Total	2001 Budget [Note 8]	2000 Total
Contractual and Professional Services	$ 1,853	$ 72,735	$ 11,870	$ 63,768	$ -	$ 80,262	$ 540,247	$ 1,050	$ 5,922	$ 777,707	$ 618,103	$ 622,640
Rentals	-	29,409	12,639	2,537	-	-	31,739	-	43	76,367	83,452	74,827
Repairs and Maintenance	-	36,464	4,787	-	-	-	-	-	-	41,251	41,300	47,488
Operating (Schedule 3)	33,545	218,202	83,150	26,888	27,986	19,303	65,501	5,511	25,189	505,275	535,032	504,195
Personal Services	16,969	624,088	683,582	756	299,614	-	326,484	148,233	98,259	2,197,985	2,260,179	1,843,968
TOTAL EXPENSE	$ 52,367	$ 980,898	$ 796,028	$ 93,949	$ 327,600	$ 99,565	$ 963,971	$154,794	$ 129,413	$ 3,598,585	$ 3,538,066	$ 3,093,118

See accompanying notes to financial statements

Cypress Hills Regional College
Schedule of Operating Fund Expenses by Function
For The Year Ended June 30, 2001

Schedule 2

	General Administration			Programming				Support Services				
	Board	Administration	Organizational	Community and Individual Development	Adult Basic Education	University Credit	Vocational Technical	Student Services	Career Services	2001 Total	2001 Budget [Note #]	2000 Total
Contractual and Professional Services	$ 1,853	$ 72,735	$ 11,870	$ 63,768	$ -	$ 80,262	$ 540,247	$ 1,050	$ 5,922	$ 777,707	$ 618,103	$ 622,640
Rentals	-	29,409	12,639	2,537	-	-	31,739	-	43	76,367	83,452	74,827
Repairs and Maintenance	-	36,464	4,787	-	-	-	-	-	-	41,251	41,300	47,488
Operating (Schedule 3)	33,545	218,202	83,150	26,888	27,986	19,303	65,501	5,511	25,189	505,275	535,032	504,195
Personal Services	16,969	624,088	683,582	756	299,614	-	326,484	148,233	98,259	2,197,985	2,260,179	1,843,968
TOTAL EXPENSE	$ 52,367	$ 980,898	$ 796,028	$ 93,949	$ 327,600	$ 99,565	$ 963,971	$154,794	$ 129,413	$ 3,598,585	$ 3,538,066	$ 3,093,118

See accompanying notes to financial statements

CYPRESS HILLS REGIONAL COLLEGE

SCHEDULE OF OPERATING EXPENSES

FOR THE YEAR ENDED JUNE 30, 2001

Schedule 3

	Budget [Note 8]	2001	2000
OPERATING EXPENSES			
Advertising	$ 75,880	$ 84,946	$ 71,633
Association fees and dues	7,460	6,919	7,041
Bad debts	250	455	217
Computer software	22,550	17,798	39,108
Conference and training fees	34,246	20,697	15,964
Insurance	13,150	12,520	12,446
Interest and bank charges	830	206	213
Licenses and taxes	1,300	894	3,877
Materials and supplies	126,030	106,717	110,346
Minor equipment purchases	31,150	13,618	23,729
Other	-	11	167
Postage, freight and courier	11,854	11,222	12,194
Printing and duplicating	14,800	10,303	7,504
Subscriptions	1,100	1,238	1,059
Telephone and fax	59,700	47,769	43,136
Travel	73,432	101,454	89,358
Utilities	61,300	68,508	66,203
	$ 535,032	$ 505,275	$ 504,195

CYPRESS HILLS REGIONAL COLLEGE

SCHEDULE OF RESERVE TRANSACTIONS

FOR THE YEAR ENDED JUNE 30, 2001

Schedule 4

	Balance beginning of the year	Add appropriations from unrestricted net assets	Less transfers to unrestricted net assets	Balance end of the year
Equipment reserve	$ 90,400	$ -	$ -	$ 90,400
Program reserve	29,000	-	-	29,000
Building reserve	60,000	100,000	-	160,000
Education leave reserve	15,000	24,801	-	39,801
	$ 194,400	$ 124,801	$ -	$ 319,201

DOWNIE JOHNSON SVENKESON
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AUDITORS' REPORT

To the Board of Governors
North West Regional College

We have audited the statement of financial position of North West Regional College as at June 30, 2001 and the statements of operations, changes in fund balances and cash flows for the year then ended. The College is responsible for preparing these financial statements for Treasury Board's approval. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the College as at June 30, 2001 and the results of its operations and the cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Downie Johnson Svenkeson
Chartered Accountants.

North Battleford, Saskatchewan
September 8, 2001.

NORTH WEST REGIONAL COLLEGE
Statement of Financial Position
as at June 30, 2001

	2001				2000
	Operating Fund	Capital Fund	Scholarship Fund	Total	Total
Assets					
Current assets					
Cash	$ 421,038	$ 207,459	$ 17,390	$ 645,887	$ 513,154
Accounts receivable (Note 3)	575,788		60	575,848	545,601
Inventory	12,958			12,958	7,501
Prepaid expenses	7,820			7,820	7,330
	1,017,604	207,459	17,450	1,242,513	1,073,586
Capital assets (Note 4)		1,672,803		1,672,803	1,331,628
	$ 1,017,604	$ 1,880,262	$ 17,450	$ 2,915,316	$ 2,405,214
Liabilities and fund balances					
Current liabilities					
Accounts payable (Note 5)	$ 570,693			$ 570,693	$ 123,975
Accrued liabilities	67,825			67,825	63,731
Accrued holiday pay (Note 6)	121,347			121,347	107,087
Deferred income (Note 7)	47,665			47,665	211,053
	807,530			807,530	505,846
Fund balances					
Invested in capital assets		$ 1,672,803		1,672,803	1,331,628
Internally restricted reserves (Schedule 4)	210,074	207,459	$ 17,450	434,983	567,740
	210,074	1,880,262	17,450	2,107,786	1,899,368
	$ 1,017,604	$ 1,880,262	$ 17,450	$ 2,915,316	$ 2,405,214

Approved by the Board of Governors:

Sherman Krahenbil Chairperson

Vice-Chairperson

See Accompanying Notes

NORTH WEST REGIONAL COLLEGE
Statement of Operations
for the year ended June 30, 2001

	Operating			Capital		Scholarship		Total	
	Budget (Note 10)	2001	2000	2001	2000	2001	2000	2001	2000
Revenue (Schedule 1)									
Post-Secondary Education and Skills Training	$ 3,443,789	$ 3,785,853	$ 3,581,716	$ 385,000	$ 253,642			$ 4,170,853	$ 3,835,358
Federal Government		7,277	18,277					7,277	18,277
Other	1,218,354	1,328,151	1,106,183			$ 1,335	$ 2,287	1,329,486	1,108,470
	4,662,143	5,121,281	4,706,176	385,000	253,642	1,335	2,287	5,507,616	4,962,105
General operating expenditures (Schedule 2)									
Contractual and professional services	741,585	901,039	820,052					901,039	820,052
Rentals	253,411	248,606	232,087					248,606	232,087
Repairs and maintenance	7,332	9,272	16,781					9,272	16,781
Operating (Schedule 3)	732,991	759,249	669,167					759,249	669,167
Personal services	2,976,774	3,213,559	2,725,903					3,213,559	2,725,903
Scholarship						802	800	802	800
Amortization				166,671	146,925			166,671	146,925
	4,712,093	5,131,725	4,463,990	166,671	146,925	802	800	5,299,198	4,611,715
Excess (deficiency) of revenue over expenditures	$ (49,950)	$ (10,444)	$ 242,186	$ 218,329	$ 106,717	$ 533	$ 1,487	$ 208,418	$ 350,390

See Accompanying Notes

NORTH WEST REGIONAL COLLEGE
Statement of Changes in Fund Balances
for the year ended June 30, 2001

	2001						2000
	Operating Fund		Capital Fund				
	Internally Restricted Reserves	Unrestricted	Invested in Capital Assets (Note 4)	Internally Restricted Reserves	Scholarship Fund	Total	Total
Fund balance at beginning of year	$ 254,189		$ 1,331,628	$ 296,634	$ 16,917	$ 1,899,368	$ 1,548,978
Excess of revenue over expenditures		$ (10,444)	218,329		533	208,418	350,390
Inter fund transfers	(44,115)	10,444	122,846	(89,175)			
Fund balance at end of year	$ 210,074	$ NIL	$ 1,672,803	$ 207,459	$ 17,450	$ 2,107,786	$ 1,899,368

See Accompanying Notes

NORTH WEST REGIONAL COLLEGE
Statement of Cash Flows
for the year ended June 30, 2001

	2001	2000
Cash from operating activities		
Excess of revenue over expenditures	$ 208,418	$ 350,390
Add item not involving current cash flow: Amortization	166,671	146,925
	375,089	497,315
Net change in non-cash working capital balances related to operations (see below)	265,490	(202,429)
	640,579	294,886
Investment activities		
Purchase of capital assets	(507,846)	(482,214)
Net cash provided (used) in year	132,733	(187,328)
Cash and cash equivalents at beginning of year	513,154	700,482
Cash and cash equivalents at end of year	$ 645,887	$ 513,154

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with financial institutions. Cash and cash equivalents included in the cash flow statement comprised the following balance sheet amount:

Cash	$ 645,887	$ 513,154

Net change

The net change in non-cash working capital balances consists of:

	2001	2000
Accounts receivable (increase) decrease	$ (30,247)	$ 142,568
Inventory (increase) decrease	(5,457)	1,978
Prepaid expenses (increase)	(490)	(2,187)
Accounts payable increase (decrease)	446,718	(259,734)
Accrued liabilities increase (decrease)	4,094	(12,136)
Accrued holiday pay increase	14,260	1,720
Deferred income (decrease)	(163,388)	(74,638)
	$ 265,490	$ (202,429)

See Accompanying Notes

Downie Johnson Svenkeson

NORTH WEST REGIONAL COLLEGE
Notes to Financial Statements
June 30, 2001

1. Purpose and authority

The North West Regional College offers educational services and programs under the authority of Section 14 of the *The Regional Colleges Act*. North West Regional College was established in 1975 as Mistikwa Community College. On January 1, 1988 *The Regional Colleges Act* was proclaimed, and the College was renamed North West Regional College to reflect its new mandate and extended boundaries. The mission of North West Regional College is to provide adult learning opportunities and to promote life-long learning as a means of enhansing the cultural, economic and social life of the individuals and communities it serves.

The Board of the North West Regional College is responsible for administering and managing the educational affairs of the College in accordance with the intent of the *The Regional Colleges Act* and its regulations.

2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principals, and include the following significant accounting policies contained in the Regional Colleges' Accounting and Reporting Manual:

a) Fund accounting

A fund is a separate set of accounts provided for each accounting entity established within the accounting system to segregate the transactions of the particular activity. The funds are:

i) Operating fund

This fund contains the current revenue, expenditures, and liabilities pertaining to the general activities of the College.

ii) Capital fund

This fund contains the capital assets of the College and equity in the capital assets, net of the annual amortization expense. Included in the capital fund are the appropriations for future capital expenditures.

iii) Scholarship fund

This fund was established to include donations received by the College for purposes of awarding scholarships to students of the College.

Downie Johnson Svenkeson

NORTH WEST REGIONAL COLLEGE

Notes to Financial Statements

June 30, 2001

2. Significant accounting policies (Continued)

b) Revenue recognition

The College follows the restricted fund method of accounting for grants. Restricted transfers related to general operations are recognized as revenue of the operating fund in the year in which the related expenses are incurred. Transfers restricted for capital assets are recognized as revenue of the capital fund when received or receivable.

Unrestricted operating transfers are recognized as revenue of the operating fund when received or receivable. Tuition and fee revenue is recognized as the course of instruction is delivered. Revenue from contractual services is recognized as the service is delivered.

c) Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair market value at the date of contribution. Amortization is charged on a straight-line basis over the estimated useful lives of the assets at the following rates, and is reported as an expense in the capital fund:

Buildings	2.5% to 4%
Furniture and equipment	10% to 33%
Land improvements	20%

d) Inventories

Inventories are valued at lower of cost or net realizable value.

e) Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they became known.

3. Accounts receivable

Accounts receivable are composed of the following:

	2001	2000
Federal government	$ 9,323	$ 7,446
Post-Secondary Education and Skills Training	404,294	352,047
SIAST	4,592	53,191
Other	157,639	132,917
	$ 575,848	$ 545,601

NORTH WEST REGIONAL COLLEGE
Notes to Financial Statements
June 30, 2001

4. Capital assets

Capital assets consist of:

	2001 Cost	2001 Accumulated Amortization	2001 Net Book Value	2000 Net Book Value
Buildings	$ 1,677,270	$ 147,924	$ 1,529,346	$ 1,217,166
Furniture and equipment	944,709	815,058	129,651	114,462
Land improvements	17,258	3,452	13,806	
	$ 2,639,237	$ 966,434	$ 1,672,803	$ 1,331,628

In 1998, North West Regional College and North Battleford School Division No. 118 entered into a Capital Cost Sharing Agreement to participate in a joint capital project at the North Battleford Comprehensive High School. As part of phase 1 renovations undertaken in 1999 the college space enjoyed an addition and major renovations to accommodate the college's Battlefords Campus and main adminstrative offices.

An independent asset appraisal undertaken by Battlefords School Division and conducted in April, 2000 determined the depreciated value, based on the college's 15.5% share of the facility, is $4,209,452.

Battlefords School Division and North West Regional College undertook further improvements to the joint-use facility in the 2000-2001 fiscal year. Battlefords School Division has invoiced North West Regional College for $384,000 representing a proportionate share of these capital improvements.

Title to the lands and buildings are held in the name of the School Division, with the College's 15.5% proportionate share held in trust.

5. Accounts payable

	2001	2000
Trade	$ 445,288	$ 70,421
Wages	125,405	53,554
	$ 570,693	$ 123,975

6. Accrued holiday pay

	2001	2000
Accrued holiday pay at beginning of year	$ 107,087	$ 105,367
Net adjustment, current year	14,260	1,720
Accrued holiday pay at end of year	$ 121,347	$ 107,087

NORTH WEST REGIONAL COLLEGE
Notes to Financial Statements
June 30, 2001

7. Deferred income

Deferred income consists of:

	2001	2000
Post-Secondary Education and Skills Training	$ 10,000	$ 158,854
Federal government		7,277
Other	37,665	44,922
	$ 47,665	$ 211,053

8. Related party transactions

These financial statements include transactions with related parties. The College is related to all Saskatchewan Crown agencies such as departments, corporations, boards and commissions under the common control of the Government of Saskatchewan. Also, the College is related to non-Crown enterprises that the Government jointly controls or significantly influences.

Routine operating transactions with related parties are recorded at the rates charged by those organizations and are settled on normal trade terms.

In addition, the College pays Provincial Sales Tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

Expenses for related party transactions during the year were as follows:

	2001	2000
SaskPower	$ 8,960	$ 14,761
SaskTel	48,063	52,628
Saskatchewan Property Management Corp.	45,526	37,137

The College provided courses in conjunction with the Saskatchewan Institute of Applied Science and Technology (SIAST). During the year the College expended $496,989 (2000, $441,840) for courses provided by SIAST. As at year end, there was no payable to SIAST (2000, $NIL).

During the year, the College provided courses in conjunction with the Universities of Saskatchewan and Regina. Transactions during the year were as follows:

	2001	2000
University of Saskatchewan		
Revenue	$ 110,375	$ 63,602
Expenses	108,736	114,085
University of Regina		
Revenue	$ 8,262	$ 11,890
Expenses	17,225	21,830

During the year the College entered into a contract with the Saskatchewan Communications Network (SCN) to deliver various training and educational programs. The College received $99,000 during the year from SCN for these programs (2000, $99,000).

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and the notes thereto.

Downie Johnson Svenkeson

NORTH WEST REGIONAL COLLEGE
Notes to Financial Statements
June 30, 2001

9. Pensions

Employees of the College participate in one of the three pension plans. Teacher's and other employees holding a teaching certificate participate in a defined benefit plan; either the Teacher's Superannuation Plan (TSP) which is administered by the Teachers' Superannuation Commission or the Saskatchewan Teachers' Retirement Plan (STRP) which is administered by the Saskatchewan Teachers' Federation. The College has no financial obligation to TSP or STRP. Eligible employees contribute to TSP and STRP for their current service. The General Revenue Fund is responsible for the required employer contribution of the STRP and for the financial obligations of the TSP. All other employees participate through Municipal Employees' Pension Plan (MEPP) which is also a multi-employer defined plan. The last actuarial valuation of the MEPP indicated there was a surplus in the plan. The College's financial obligation to the MEPP is limited to making required payments to match amounts contributed by employees for current services. Pension expense for the year amounted to $101,012. (2000, $90,208).

10. Budget

The budgeted figures reported in the Statement of Operations are obtained from the annual budget approved by the board and included in the annual budget review document submitted to and approved by the Department of Post-Secondary Education and Skills Training. The budget was approved by the Regional College Board on June 26, 2000 and by the Minister of Saskatchewan Post-Secondary Education and Skills Training on December 18, 2000.

11. Financial instruments

There are no significant terms and conditions related to financial instruments classified as current assets or current liabilities that may affect the amount, timing and certaintly of future cash flows.

The majority of the College's receivables are from Post-Secondary Education and Skills Training. Therefore the credit risk is minimal.

The carrying amount of accounts receivable, accounts payable, accrued liabilities and accrued holiday pay approximate fair market value due to their immediate or short-term nature.

NORTH WEST REGIONAL COLLEGE
Operating Fund
Schedule of Revenue by Function
for the year ended June 30, 2001

Schedule 1

	2001								2000
	General Administration	Programing				Support Services			
	General Revenue	Community Individual Development	Adult Basic Education	Vocational Technical	University	Career Services	Student Services	Total	Total
Post-Secondary Education and Skills Training									
Administrative recovery	$ 17,530	$ 7,230						$ 24,760	$ 27,129
Flat grant	1,238,025		$ 58,868	$ 10,937	$ 81,688	$ 74,304		1,463,822	966,599
Program payments	445,518	240,379	721,941	747,255		43,075		2,198,168	2,180,771
Other	12,938		1,311	43,722		41,132		99,103	407,217
	1,714,011	247,609	782,120	801,914	81,688	158,511		3,785,853	3,581,716
Federal government									
Program payments	7,277							7,277	18,277
Other									
Contracts	86,590	59,202	146,369	107,105	64,250			463,516	426,244
Interest and dividends	71,446							71,446	63,843
Rents	4,433	260						4,693	3,241
Resale items	11,752	2,182	2,127	1,736			$ 101,824	119,621	98,845
Tuition fees		131,671	6,780	325,216	118,637	330		582,634	422,145
Other	58,017	700	7,237	15,053	5,234			86,241	91,865
	232,238	194,015	162,513	449,110	188,121	330	101,824	1,328,151	1,106,183
Total revenue	1,953,526	441,624	944,633	1,251,024	269,809	158,841	101,824	5,121,281	4,706,176
Total expenses (Schedule 2)	2,048,912	454,494	948,823	1,215,587	190,589	166,663	106,657	5,131,725	4,463,990
Excess (deficiency) of revenue over expenditures	$ (95,386)	$ (12,870)	$ (4,190)	$ 35,437	$ 79,220	$ (7,822)	$ (4,833)	$ (10,444)	$ 242,186

See Accompanying Notes

NORTH WEST REGIONAL COLLEGE
Operating Fund
Schedule of Expenditures by Function
for the year ended June 30, 2001

Schedule 2

	2001										2000
	General Administration			Programing				Support Services			
	Board	Administrative	Organizational	Commuity Individual Development	Adult Basic Education	Vocational Technical	University	Career Services	Student Services	Total	Total
Contractual and professional		$ 49,734	$ (4,466)	$ 255,991	$ 300	$ 491,094	$ 108,154	$ 232		$ 901,039	$ 820,052
Rentals		(8,232)	5,075	13,074	87,297	118,680	27,277	5,435		248,606	232,087
Repairs and maintenance		4,572	1,436	2,464	124	74	94	508		9,272	16,781
Operating expenses (Schedule 3)	$ 40,927	101,857	162,429	60,496	77,850	109,448	44,508	55,750	$ 105,984	759,249	669,167
Personal services	21,948	682,227	991,405	122,469	783,252	496,291	10,556	104,738	673	3,213,559	2,725,903
	$ 62,875	$ 830,158	$ 1,155,879	$ 454,494	$ 948,823	$ 1,215,587	$ 190,589	$ 166,663	$ 106,657	$ 5,131,725	$ 4,463,990

See Accompanying Notes

NORTH WEST REGIONAL COLLEGE
Operating Fund
Schedule of Operating Expenses
for the year ended June 30, 2001

Schedule 3

	2001	2000
Advertising	$ 63,115	$ 46,579
Association fees and dues	9,790	9,916
Bad debts	261	1,097
Bank charges and interest	1,991	1,831
Computer software	11,033	10,799
Equipment	58,037	56,534
Goods and services tax	58,168	51,770
In-service training	60,759	41,160
Insurance	11,991	9,801
Licenses and taxes		(1,087)
Materials and supplies	115,176	63,686
Postage, freight and courier	11,985	16,454
Printing and duplicating	15,416	35,918
Resale items	115,998	93,351
Subscriptions	972	2,158
Telephone	38,450	50,265
Travel	149,296	123,775
Utilities	3,575	16,678
Other	33,236	38,483
	$ 759,249	$ 669,168

NORTH WEST REGIONAL COLLEGE
Schedule of Reserve Transactions
June 30, 2001

Schedule 4

Internally Restricted	Balance Beginning of Year	Appropriation to Reserve	Appropriation from Reserve	Balance End of Year
OPERATING FUND - Internally Restricted				
Reserve for administrative computer system	$ 40,974		$ (10,000)	$ 30,974
Reserve for class plan	46,000		(46,000)	
Reserve for TEL	25,000		(25,000)	
Reserve for programs	117,609	$ 129,000	(117,609)	129,000
Reserve for enrollment management	14,400			14,400
Reserve for severance	6,150			6,150
Reserve for scholarships		3,123		3,123
Reserve for contingencies	4,056	22,371		26,427
Total operating fund	$ 254,189	$ 154,494	$ (198,609)	$ 210,074
CAPITAL FUND				
Reserve for Meadow Lake	$ 61,687	$ 20,000		$ 81,687
Reserve for computer equipment	116,589	25,000	$ (72,828)	68,761
Reserve for F/E Replacement - general	68,358	45,451	(78,499)	35,310
Reserve for N. B. campus project	50,000		(28,299)	21,701
Total capital fund	$ 296,634	$ 90,451	$ (179,626)	$ 207,459
SCHOLARSHIP FUND				
Reserve for scholarships	$ 16,917	$ 533		$ 17,450

MEYERS NORRIS PENNY LLP

AUDITORS' REPORT

To: The Directors of Northlands College

We have audited the statement of financial position of Northlands College as at June 30, 2001 and the statements of operations, changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the College as at June 30, 2001 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Meyers Norris Penny LLP

Chartered Accountants
Prince Albert, Saskatchewan
August 22, 2001

STATEMENT 1.

NORTHLANDS COLLEGE
STATEMENT OF FINANCIAL POSITION
As at June 30, 2001

	2001			2000
	Operating fund	Capital fund	Total	Total
	ASSETS			
Current				
Cash	$ 2,889,606	$ —	**$ 2,889,606**	$ 2,930,661
Accounts receivable (note 3)	684,446	—	**684,446**	660,147
Prepaid expense	31,054	—	**31,054**	31,098
	3,605,106	—	**3,605,106**	3,621,906
Capital assets (note 4)	—	2,201,009	**2,201,009**	2,354,115
	$ 3,605,106	$ 2,201,009	**$ 5,806,115**	$ 5,976,021
	LIABILITIES			
Current				
Accounts payable (note 5)	$ 364,837	$ —	**$ 364,837**	$ 242,560
Accrued salaries and vacation payable	549,918	—	**549,918**	482,240
Deferred revenue (note 6)	1,030,609	—	**1,030,609**	1,316,642
	1,945,364	—	**1,945,364**	2,041,442
	FUND BALANCES			
Invested in capital assets	—	2,201,209	**2,201,009**	2,354,115
Internally restricted as reserves (note 7)	840,585	—	**840,585**	762,898
Unrestricted	819,157	—	**819,157**	817,566
	1,659,742	2,201,009	**3,860,751**	3,934,579
	$ 3,605,106	$ 2,201,009	**$ 5,806,115**	$ 5,976,021

APPROVED BY THE BOARD:

________________ DIRECTOR

________________ DIRECTOR

See accompanying notes.

STATEMENT 2.

NORTHLANDS COLLEGE
STATEMENT OF OPERATIONS
For the year ended June 30, 2001

	Operating Fund			Capital Fund		Total	
	(Note 9) Budget	2001	2000	2001	2000	2001	2000
Revenues (schedule 1)							
Saskatchewan Post Secondary Education and Skills Training	$ 7,325,339	$ 8,613,454	$ 7,457,853	$ —	$ ----	$ 8,613,454	$ 7,457,853
Federal Government	666,865	749,531	685,851	—	----	749,531	685,851
Other revenue	1,654,788	2,728,827	2,221,754	—	8,188	2,728,827	2,229,942
Total revenues	9,646,992	12,091,812	10,365,458	—	8,188	12,091,812	10,373,646
Expenses (schedule 2)							
Contractual and professional services	1,998,433	3,612,054	2,528,165	—	----	3,612,054	2,528,165
Rentals	941,354	812,728	701,708	—	----	812,728	701,708
Repairs and maintenance	233,789	267,889	191,799	—	----	267,889	191,799
Amortization	----	—	----	318,376	301,290	318,376	301,290
Operating expense (schedule 3)	1,410,280	1,754,770	1,628,327	—	----	1,754,770	1,628,327
Personal services	5,158,018	5,399,823	4,739,151	—	----	5,399,823	4,739,151
Total expenses	9,741,874	11,847,264	9,789,150	318,376	301,290	12,165,640	10,090,440
Excess (deficiency) of revenues over expenses	$ (94,882)	$ 244,548	$ 576,308	$ (318,376)	$ (293,102)	$ (73,828)	$ 283,206

See accompanying notes.

STATEMENT 3.

NORTHLANDS COLLEGE
STATEMENT OF CHANGES IN FUND BALANCES
For the year ended June 30, 2001

	Invested in capital assets	Internally restricted as reserves	Unrestricted	2001	2000
Fund balances, beginning of year	$ 2,354,115	$ 762,898	$ 817,566	**$ 3,934,579**	$ 3,651,373
Excess (deficiency) of revenues over expenses	(318,376)	----	244,548	**(73,828)**	283,206
Investment in capital assets	165,270	----	(165,270)	**----**	----
Appropriated to/(from) reserves	----	77,687	(77,687)	**----**	----
Fund balance, end of year	$ 2,201,009	$ 840,585	$ 819,157	**$ 3,860,751**	$ 3,934,579

See accompanying notes.

STATEMENT 4.

NORTHLANDS COLLEGE
STATEMENT OF CASH FLOWS
For the year ended June 30, 2001

	Operating fund		Capital fund		Total	
	2001	2000	2001	2000	2001	2000
Cash flows from operating activities						
Excess (deficiency) of revenues over expenses	$ 244,548	$ 576,308	$ (318,376)	$ (293,102)	$ (73,828)	$ 283,206
Changes in non-cash working capital						
Accounts receivable	(24,299)	(206,426)	—	----	(24,299)	(206,426)
Prepaid expense	44	(134)	—	----	44	(134)
Payables	189,955	47,356	—	----	189,955	47,356
Deferred revenue	(286,033)	(160,918)	—	----	(286,033)	(160,918)
	124,215	256,186	(318,376)	(293,102)	(194,161)	(36,916)
Cash flows from investing activities						
Purchase of capital assets	—	—	(165,270)	(45,445)	(165,270)	(45,445)
Proceeds on disposal of capital assets	—	—	—	16,155	—	16,155
	—	—	(165,270)	(29,290)	(165,270)	(29,290)
Cash flows from financing activities						
Non-cash charges against revenue						
Amortization of capital assets	—	—	318,376	301,290	318,376	301,290
Gain on disposal of capital assets	—	—	—	(8,188)	—	(8,188)
	—	—	318,376	293,102	318,376	293,102
Net increase (decrease) during year	124,215	256,186	(165,270)	(29,290)	(41,055)	226,896
Interfund transfers	(165,270)	(29,290)	165,270	29,290	—	----
Cash, beginning of year	2,930,661	2,703,765	—	—	2,930,661	2,703,765
Cash, end of year	$ 2,889,606	$ 2,930,661	$ —	$ ----	$ 2,889,606	$ 2,930,661

See accompanying notes.

NORTHLANDS COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2001

1. Purpose and authority

Northlands College offers educational services and programs under the authority of Section 14 of The Regional Colleges Act.

The Board of Northlands College is responsible for administering and managing the educational affairs of the College in accordance with the intent of The Regional Colleges Act and its regulations.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant policies:

a) Fund accounting

The accounts of Northlands College are maintained in accordance with the principles of fund accounting. For financial reporting purposes, accounts with similar characteristics have been combined into the following major funding groups:

i) Operating fund

The operating fund consists of those revenues and expenses relating to the general operations of the College.

ii) Capital fund

The capital fund reflects the equity of the College in capital assets after taking into consideration any associated long term debt. The capital fund consists of transfers and donations designated for capital purposes by the contributor, net of the annual amortization expense.

b) Revenue recognition

The College follows the restricted fund method of accounting for grants. Restricted transfers related to general operations are recognized as revenue of the operating fund in the year in which the related expenses are incurred. Transfers restricted for capital assets are recognized as revenue of the capital fund when received or receivable.

Unrestricted operating transfers are recognized as revenue of the operating fund when received or receivable. Tuition and fee revenue is recognized as the course instruction is delivered. Revenue from contractual services is recognized as the service is delivered.

NORTHLANDS COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2001

2. Significant accounting policies (continued)

c) Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is charged on a straight-line basis over the estimated useful lives of the assets at the following rates, and is reported as an expense in the capital fund:

Buildings and trailers	5% to 10%
Leasehold improvements	6.67%
Equipment, furniture and fixtures	10% to 33%

3. Accounts receivable

Accounts receivable are composed of the following:

	2001	2000
Saskatchewan Post-Secondary Education and Skills Training	$ 163,577	$ 86,771
Government of Saskatchewan - Other	—	21,123
Federal Government	67,884	31,299
Other	452,985	520,954
	$ 684,446	$ 660,147

4. Capital assets

	2001			2000
	Cost	Accumulated amortization	Net book value	Net book value
Land	$ 11,503	$ —	$ 11,503	$ 11,503
Buildings and trailers	3,558,166	1,573,612	1,984,554	2,157,842
Leasehold improvements	124,972	50,014	74,958	83,294
Equipment, furniture and fixtures	935,566	805,572	129,994	101,476
	$ 4,630,207	$ 2,429,198	$ 2,201,009	$ 2,354,115

NORTHLANDS COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2001

5. Accounts payable

Accounts payable are composed of the following:

	2001	2000
Saskatchewan Post-Secondary Education and Skills Training	$ 23,059	$ -----
Government of Saskatchewan - other	(808)	21,844
Federal government	(1,485)	4,254
Other	344,071	216,462
	$ 364,837	$ 242,560

6. Deferred revenue

Deferred revenue consists of transfers received to carry out specific activities in excess of the expenses incurred on those activities at the end of the fiscal year as follows:

	2001	2000
Saskatchewan Post-Secondary Education and Skills Training	$ 868,856	$ 1,041,932
Federal Government	70,494	90,658
Other	91,259	184,052
	$ 1,030,609	$ 1,316,642

7. Restrictions on net assets

The Board of Directors of Northlands College has placed internal restrictions on $840,585 (2000 - $762,898) of unrestricted net assets to be used for future expenditures. These internally restricted amounts are not available for other purposes without approval of the Board of Directors. A separate schedule details the internal restrictions and the individual amounts under each restriction.

NORTHLANDS COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2001

8. Commitments

The College is currently leasing certain land and buildings under leases which expire at various dates to May 1, 2024. Annual rentals under the leases for each of the next five years are as follows:

2002 - $402,844
2003 - $209,425
2004 - $172,206
2005 - $172,206
2006 - $172,206

In addition, the College is currently leasing certain land and buildings under leases which are on a month to month basis at $4,770. per month.

9. Budget amounts

The budget was prepared by College management with Board approval given on May 18, 2000. Ministerial approval was received December 18, 2000.

10. Related party transactions

Included in these financial statements are revenue and expense amounts resulting from routine transactions with related parties. These transactions are conducted at agreed rates with various Saskatchewan Crown-controlled departments, agencies and corporations with which the College is related by virtue of its economic interest with the Government of Saskatchewan.

Expenses for related party transactions during the year were as follows:

	2001	2000
SaskTel	$ 108,150	$ 126,301
SaskPower	56,045	63,453
Saskatchewan Property Management Corporation	404,790	437,190
	$ 568,985	$ 626,944

Account balances from these transactions are included in the statement of financial position and are settled on normal trade terms. Other transactions with related parties are disclosed elsewhere in these financial statements.

The College receives long distance telephone service between major centers from SaskTel, a related party, at reduced rates available to government agencies.

The College brokers course programs from Saskatchewan Institute of Applied Science and Technology (SIAST) based on negotiated rates. The amount expended during the year amounted to $1,484,241. As at year end, $5,250 (2000 - $16.) was receivable from and $1,926 (2000 - $16,579) payable to SIAST.

NORTHLANDS COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2001

11. Financial instruments

a) The carrying amount of cash, accounts receivable, accounts payable and accrued salaries and vacation payable approximates fair value due to the short term maturity of these instruments. There are no significant terms or conditions related to these financial instruments that may affect the amount, timing, or certainty of future cash flows.

b) The College is exposed to credit risk from the potential non-payment of accounts receivable. The majority of the College's receivables are from the provincial and federal government, therefore, credit risk is minimal.

12. Pensions

Employees of the College participate in one of three pension plans. Teachers and other employees holding a teaching certificate participate in a defined benefit plan, either the Teachers' Superannnuation Plan (TSP) which is administered by the Teachers' Superannuation Commission or the Saskatchewan Teachers' Retirement Plan (STRP) which is administered by the Saskatchewan Teachers' Federation. The College has no financial obligation to TSP or STRP. Eligible employees contribute to TSP or STRP for their current service. No matching contribution is made by the College. The General Revenue Fund is responsible for the financial obligations of the TSP. All other employees participate through Municipal Employees' Pension Plan (MEPP) which is also a multi-employer defined plan. The last actuarial valuation of the MEPP indicated there was a surplus in the plan. The College's financial obligation to the MEPP is limited to making required payments to match amounts contributed by employees for current services. Pension expense for the year amounted to $143,905 (2000 - $127,654).

13. Measurement uncertainty

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

14. Comparative Information

Certain 2000 balances have been reclassified to conform with the current year's presentation.

SCHEDULE 1.

NORTHLANDS COLLEGE

SCHEDULE OF OPERATING FUND REVENUES BY FUNCTION

For the year ended June 30, 2001

	Administration	Programming					Support Services				
	General Revenue	Community and Individual Development	Basic Education	Vocational Technical	University Credit	Other	Career Services	Student Services	2001 Total	(Note 9) 2001 Budget	2000 Total
Saskatchewan Post-Secondary Education and Skills Training											
Administration recovery	$ 532,661	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 532,661	$ 554,244	$ 605,123
Base grant	2,765,766	—	—	—	—	—	—	—	2,765,766	2,568,151	2,358,148
Program payments	—	—	1,338,722	2,869,412	58,896	—	—	96,104	4,363,134	3,890,649	3,845,708
Regional Service Branch payments	—	761	87,118	138,607	—	—	38,684	—	265,170	131,295	—
Other	91,130	—	—	—	—	433,991	148,259	13,343	686,723	181,000	648,874
	3,389,557	761	1,425,840	3,008,019	58,896	433,991	186,943	109,447	8,613,454	7,325,339	7,457,853
Federal Government											
Administration recovery	80,632	—	—	—	—	—	—	—	80,632	86,034	79,022
Seat purchases	—	15,760	319,326	299,015	—	—	—	—	634,101	348,710	501,669
Projects	—	—	—	—	—	—	—	—	—	—	3,616
Other	—	—	34,798	—	—	—	—	—	34,798	232,121	101,544
	80,632	15,760	354,124	299,015	—	—	—	—	749,531	666,865	685,851
Other											
Administrative recovery	123,416	—	—	—	—	—	—	—	123,416	63,783	81,890
Contracts	—	4,868	262,767	572,011	21,666	—	—	85,056	946,368	379,118	723,022
Interest and dividends	216,836	—	—	—	—	—	—	—	216,836	150,000	171,012
Rent	88,375	—	—	—	—	—	—	111,697	200,072	101,524	200,661
Resale items	109,557	—	—	—	—	—	—	—	109,557	60,000	56,064
Tuition	—	22,816	32,230	219,220	14,824	—	—	3,521	292,611	289,901	390,906
Other	789,166	—	2,933	15,546	267	7,799	—	24,256	839,967	610,462	598,199
	1,327,350	27,684	297,930	806,777	36,757	7,799	—	224,530	2,728,827	1,654,788	2,221,754
Total revenues	4,797,539	44,205	2,077,894	4,113,811	95,653	441,790	186,943	333,977	12,091,812	9,646,992	10,365,458
Total expenses (schedule 2)	3,017,534	43,049	2,279,619	4,164,097	290,580	494,669	614,015	943,701	11,847,264	9,741,874	9,789,150
Excess (deficiency) of revenues over expenses	$ 1,780,005	$ 1,156	$(201,725)	$(50,286)	$(194,927)	$(52,879)	$(427,072)	$(609,724)	$ 244,548	$ (94,882)	$ 576,308

SCHEDULE 2.

NORTHLANDS COLLEGE

SCHEDULE OF OPERATING FUND EXPENSES BY FUNCTION

For the year ended June 30, 2001

	General Administration			Programming					Support Services				
	Board	Administrative	Organizational	Community and Individual Development	Basic Education	Vocational Technical	University Credit	Other	Career Services	Student Services	2001 Total	(Note 9) 2001 Budget	2000 Total
Contractural and professional services	$ —	$ 64,804	$ 36,550	$ 27,006	$ 196,066	$2,688,389	$ 78,227	$417,332	$ 1,528	$102,152	$3,612,054	$1,998,433	$2,528,165
Rentals	—	13,556	260,159	783	114,044	168,959	14,434	545	45,781	194,467	812,728	941,354	701,708
Repairs & maintenance	242	34,212	87,696	—	20,798	38,695	4,961	52,875	2,343	26,067	267,889	233,789	191,799
Operating (schedule 3)	80,390	180,434	298,285	5,679	357,848	523,683	41,236	17,184	96,798	153,233	1,754,770	1,410,280	1,628,327
Personnel services	44,800	766,081	1,150,325	9,581	1,590,863	744,371	151,722	6,733	467,565	467,782	5,399,823	5,158,018	4,739,151
	$125,432	$ 1,059,087	$ 1,833,015	$ 43,049	$2,279,619	$4,164,097	$290,580	$494,669	$614,015	$943,701	$11,847,264	$9,741,874	$9,789,150

SCHEDULE 3.

NORTHLANDS COLLEGE
SCHEDULE OF OPERATING EXPENSES
For the year ended June 30, 2001

	2001	2000
Advertising	$ 92,426	$ 87,956
Association fees and dues	11,836	17,017
Bad debts	3,716	16,303
Bank charges and interest	367	217
Computer software	16,776	21,611
Conference and training fees	46,305	36,172
Equipment purchase	80,560	97,520
Insurance	52,538	50,583
Materials and supplies	347,525	316,362
Postage, freight and courier	36,201	40,105
Printing and duplicating	74,831	59,189
Resale items	94,958	54,482
Subscriptions	6,371	5,550
Telephone and fax	112,477	111,995
Travel	479,590	482,537
Utilities	241,473	228,775
Other	56,820	1,953
	$ 1,754,770	$ 1,628,327

SCHEDULE 4.

NORTHLANDS COLLEGE
SCHEDULE OF RESERVE TRANSACTIONS
For the year ended June 30, 2001

	Balance beginning of year	Transfers from (to) other funds	Appropriations from unrestricted net assets	Transfers to unrestricted net assets	**Balance end of year**
Building Maintenance Reserve	$ 160,850	$ ----	$ 61,750	$ (47,100)	**$ 175,500**
Capital Purchase Reserve	100,000	----	----	(2,610)	**97,390**
Information Technology Reserve	190,200	----	4,800	(88,393)	**106,607**
Training and Education Reserve	311,848	----	426,016	(276,776)	**461,088**
	$ 762,898	$ ----	$ 492,566	$ (414,879)	**$ 840,585**

Skilnick Robertson Besler Miller & Co.
Chartered Accountants

PARKLAND REGIONAL COLLEGE

AUDITORS' REPORT

2001.

The Members of the Board
Parkland Regional College
MELVILLE, Saskatchewan

We have examined the statement of financial position of the Parkland Regional College as at June 30, 2001 and the statement of operations, statement of changes in fund balances and statement of cash flows for the year then ended. The college is responsible for preparing these financial statements for Treasury Board's approval. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. These standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the College as at June 30, 2001 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Skilnick Robertson Besler Miller & Co.

SKILNICK ROBERTSON BESLER MILLER & CO.
Chartered Accountants

Melville, Saskatchewan
September 5, 2001

STATEMENT 1

PARKLAND REGIONAL COLLEGE
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2001.

	2001			2000
	OPERATING FUND	CAPITAL FUND	TOTAL	TOTAL
ASSETS				
CURRENT ASSETS				
Cash and temporary investments	$ 760,834	$1,301,054	$2,061,888	$1,333,208
Accounts receivable (Note 3)	300,355		300,355	219,616
Prepaid expenses	18,000		18,000	10,819
Advance - Yorkton Regional High School (Note 12)	31,163		31,163	69,475
	1,110,352	1,301,054	2,411,406	1,633,118
INVESTMENTS (Note 5)	511,430	Nil	511,430	Nil
CAPITAL ASSETS (Notes 2 & 4)	Nil	1,762,999	1,762,999	1,472,850
	$1,621,782	$3,064,053	$4,685,835	$3,105,968
LIABILITIES AND FUND BALANCE				
CURRENT LIABILITIES				
Accounts payable and accrued liabilities (Note 6)	$ 326,321	$	$ 326,321	$ 173,622
Accrued holiday pay	79,053		79,053	66,404
Deferred revenue (Notes 2 & 7)	118,401		118,401	160,942
	$ 523,775	$ Nil	$ 523,775	$ 400,968
FUND BALANCES				
Externally restricted as reserves (Note 16)	$	$1,301,054	$1,301,054	$ Nil
Invested in capital assets		1,762,999	1,762,999	1,472,850
Internally restricted as reserves (Note 15)	912,280		912,280	913,958
Unrestricted	185,727		185,727	318,192
	1,098,007	3,064,053	4,162,060	2,705,000
	$1,621,782	$3,064,053	$4,685,835	$3,105,968

Approved by the Board:

________________ Director

________________ Director

See Accompanying Notes

STATEMENT 2

PARKLAND REGIONAL COLLEGE

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED JUNE 30, 2001.

	BUDGET (Note 8)	OPERATING 2001	OPERATING 2000	CAPITAL 2001	CAPITAL 2000	TOTAL 2001	TOTAL 2000
REVENUES (Schedule 1)							
Saskatchewan Post-Secondary Education and Skills Training	$3,935,159	$3,944,678	$3,825,157	$1,144,953	$ 741,015	$5,089,631	$4,566,172
Federal Government	65,000	123,975	83,214			123,975	83,214
Other revenue	1,364,322	1,322,591	1,404,614	500,000		1,822,591	1,404,614
Total revenues	5,364,481	5,391,244	5,312,985	1,644,953	741,015	7,036,197	6,054,000
EXPENSES (Schedule 2)							
Contractual and Professional Services	1,701,677	1,487,033	1,498,202			1,487,033	1,498,202
Rentals (Note 14)	249,072	275,452	224,752			275,452	224,752
Repairs and maintenance	37,184	37,918	34,542			37,918	34,542
Amortization				187,222	123,506	187,222	123,506
Operating expenses (Schedule 3)	588,217	613,473	525,824			613,473	525,824
Personal services	2,788,331	2,978,039	2,533,760			2,978,039	2,533,760
Total expenses	5,364,481	5,391,915	4,817,080	187,222	123,506	5,579,137	4,940,586
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	$ Nil	$ (671)	$ 495,905	$1,457,731	$ 617,509	$1,457,060	$1,113,414

See Accompanying Notes

PARKLAND REGIONAL COLLEGE

STATEMENT OF CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2001.

STATEMENT 3

	EXTERNALLY RESTRICTED ASSETS	INVESTED IN CAPITAL ASSETS	INTERNALLY RESTRICTED ASSETS	UNRESTRICTED	2001	2000
Balance, beginning of year	$ Nil	$1,472,850	$ 913,958	$ 318,192	$2,705,000	$1,591,586
Excess (deficiency) of revenue over expenses	Nil	1,457,731		(671)	1,457,060	1,113,414
Interfund transfers	Nil	133,472	(125,772)	(7,700)	Nil	Nil
Appropriated to reserves	1,301,054	(1,301,054)	124,094	(124,094)	Nil	Nil
	$1,301,054	$1,762,999	$ 912,280	$ 185,727	$4,162,060	$2,705,000

See Accompanying Notes

PARKLAND REGIONAL COLLEGE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2001.

STATEMENT 4

	2001	2000
CASH FROM OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	$1,457,060	$1,113,414
Items not affecting cash - amortization	187,222	123,506
Net change in non-cash working capital - see summary below	73,199	(49,126)
	1,717,481	1,187,794
FINANCING ACTIVITIES	Nil	Nil
INVESTING ACTIVITIES		
Purchase of investments	(511,430)	Nil
Purchase of capital assets	(477,371)	(901,367)
	(988,801)	(901,367)
Increase (decrease) in cash during year	728,680	286,427
Cash and temporary investments at the beginning of the year	1,333,208	1,046,781
Cash and temporary investments at the end of the year	$2,061,888	$1,333,208

SUMMARY OF CASH FLOWS FROM NON-CASH WORKING CAPITAL

	2001	2000
(Increase) decrease in accounts receivable	(80,739)	(18,070)
(Increase) decrease in prepaid expenses	(7,181)	7,099
(Increase) decrease in advance - Yorkton Regional High School	38,312	946
Increase (decrease) accounts payable and accrued liabilities	152,699	(34,416)
Increase (decrease) in accrued holiday pay	12,649	6,148
Increase (decrease) in deferred revenue	(42,541)	(10,833)
	$ 73,199	$ (49,126)

See Accompanying Notes

PARKLAND REGIONAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001.

1. PURPOSE AND AUTHORITY

The Parkland Regional College offers educational services and programs under the authority of Section 14 of The Regional Colleges Act.

The Board of the Parkland Regional College is responsible for administering and managing the educational affairs of the College in accordance with the intent of The Regional Colleges Act and its regulations.

The College's objectives are to promote the social, economic and cultural development of the Parkland region of Saskatchewan by facilitating learning options and participating in community groups.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant policies:

Fund Accounting

The accounts of the College are maintained in accordance with the principles of fund accounting. For financial reporting purposes, accounts with similar characteristics have been combined into the following major funds:

Operating Fund

The operating fund consists of those revenues and expenses relating to the general operations of the College.

Capital Fund

The capital fund reflects the equity of the College in capital assets after taking into consideration any associated long term debt. The capital fund consists of transfers and donations designated for capital purposes by the contributor, net of the annual amortization expense.

Revenue Recognition

The College follows the restricted fund method of accounting for grants. Grants related to general operations are recognized as revenue of the operating fund in the year in which the related expenses are incurred. Grants restricted for capital assets are recognized as revenue of the capital fund in the year they are received or receivable.

Unrestricted operating grants are recognized as revenue of the operating fund when received or receivable. Tuition and fee revenue is recognized as the course instruction is delivered. Revenue from contractual services is recognized as the service is delivered.

(Continued on next page)

PARKLAND REGIONAL COLLEGE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2001.

2. SIGNIFICANT ACCOUNTING POLICIES ... Continued

Capital Assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is charged on a straight-line basis over the estimated useful lives of the assets at the following rates, and is reported as an expense in the capital fund:

Leasehold improvements	5% to 20%
Buildings	5%
Office furnishing/equipment	10% to 20%
Computer hardware	33%

3. ACCOUNTS RECEIVABLE

Accounts receivable are composed of the following:

	2001	2000
Saskatchewan Post-Secondary Education and Skills Training	$ 105,037	$ 32,738
Government of Saskatchewan - Other	24,636	29,866
Federal government	21,462	5,691
Other	149,220	151,321
	$ 300,355	$ 219,616

4. CAPITAL ASSETS

	COST	ACCUMULATED AMORTIZATION	2001 NET BOOK VALUE	2000 NET BOOK VALUE
Land	$ 14,000	$ Nil	$ 14,000	$ 14,000
Leasehold improvements	416,448	177,087	239,361	259,290
Buildings	1,465,761	127,981	1,337,780	1,090,323
Office furnishings/ equipment	222,438	150,825	71,613	48,596
Computer hardware	587,608	487,363	100,245	60,641
	$2,706,255	$ 943,256	$1,762,999	$1,472,850

5. INVESTMENTS

The College has invested $511,430 (2000 - Nil) in Province of Saskatchewan strip bonds. These bonds mature in the year 2008 and bear an interest rate of 5.60%. The current market value of the bonds is $490,644. It is the intention of The Board to hold these bonds to maturity, therefore fluctuating market values have not been reflected in the financial statements.

(Continued on next page)

PARKLAND REGIONAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001.

6. ACCOUNTS PAYABLE

Accounts payable are composed of the following:

	2001	2000
Government of Saskatchewan - Other	$ 1,787	$ 3,180
Federal government	211	Nil
Other	324,323	170,442
	$ 326,321	$ 173,622

7. DEFERRED REVENUE

Deferred revenue consists of transfers received to carry out specific activities in excess of the expenses incurred on those activities at the end of the fiscal year as follows:

	2001	2000
Saskatchewan Post-Secondary Education and Skills Training	$ 14,167	$ 141,047
Other	59,312	Nil
Student tuitions	44,922	19,895
	$ 118,401	$ 160,942

8. BUDGET AMOUNTS

The budget was prepared by regional college management with Board approval given on May 23, 2000. Ministerial approval was received December 18, 2000.

9. RELATED PARTY TRANSACTIONS

Included in these financial statements are revenue and expense amounts resulting from routine transactions with related parties. These transactions are conducted at prevailing market prices, except for transactions with Sask Property Management Corporation which are conducted at the standard rates charged by the corporation. These various Saskatchewan Crown-controlled departments, agencies and corporations are related to the College by virtue of its economic interest with the Government of Saskatchewan.

Expenses for related party transactions during the year were as follows:

	2001	2000
SaskTel expenses	$ 83,520	$ 72,071
SaskPower and Energy expenses	58,772	56,549
Sask Property Management expenses	50,726	51,480

In addition, the College pays Provincial Sales Tax to the Saskatchewan Department of Finance on all taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

(Continued on next page)

PARKLAND REGIONAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001.

9. RELATED PARTY TRANSACTIONS ... Continued

The College delivers various training and educational programs with funding provided by Government organizations. During the year the college earned funding from the following:

	2001	2000
Saskatchewan Communications Network	$ 79,125	$ 105,500

The College brokerages course programs from SIAST. The amount incurred during the year amounted to $244,841 (2000 - $497,864).

The College brokerages course programs from the University of Saskatchewan. The amount incurred during the year amounted to $128,484 (2000 - $132,142).

The College brokerages course programs from the University of Regina. The amount incurred during the year amounted to $44,835 (2000 - $17,152).

Account balances from these transactions are included in the statement of financial position and are settled on normal trade terms. Other transactions with related parties are disclosed elsewhere in these financial statements.

10. FINANCIAL INSTRUMENTS

(a) The carrying amount of cash and temporary investments, accounts receivable, accounts payable and accrued liabilities and accrued holiday pay approximates fair value due to the short term maturity of these instruments. There are no significant terms or conditions related to these financial instruments that may affect the amount, timing, or certainty of future cash flows.

(b) The College is exposed to credit risk from the potential non-payment of accounts receivable. The majority of the College's receivables are from the provincial and federal government, therefore, credit risk is minimal.

11. PENSIONS

Employees of the College participate in one of two pension plans. Teachers and other employees holding a teaching certificate participate in a defined benefit plan, the Teachers' Superannuation Plan (TSP) which is administered by the Teachers' Superannuation Commission. The Board has no financial obligation to TSP. Eligible employees contribute to TSP for their current service. No matching contribution is made by the College. The General Revenue Fund is responsible for the financial obligations of the TSP. All other employees participate through Municipal Employees' Pension Plan (MEPP) which is also a multi-employer defined benefit plan. The last actuarial valuation of the MEPP indicated there was a surplus in the plan. The College's financial obligation to the MEPP is limited to making required payments to match amounts contributed by employees for current services. Pension expense for the year amounted to $64,859 (2000 - $53,038).

(Continued on next page)

PARKLAND REGIONAL COLLEGE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2001.

12. ADULT EDUCATION AGREEMENT - YORKTON REGIONAL HIGH SCHOOL

The College and Yorkton Regional High School are parties to an agreement covering the provision of adult education classes through the facilities of the school. Terms of the agreement provide that course program and administration is the responsibility of the school. Financial responsibility for the program offered is provided by the College supported by funding from Saskatchewan Post-Secondary Education and Skills Training. Under the terms of the agreement deficits are the responsibility of the College.

13. LINE OF CREDIT AGREEMENT

The College has an established line of credit up to $200,000 with the Royal Bank of Canada, Melville, Saskatchewan. Security for advances under the agreement consists of an assignment of grant proceeds due from Saskatchewan Post-Secondary Education and Skills Training.

14. LEASE AGREEMENTS

The College is obligated under the following lease agreements.

Instructional Facilities

- Treaty # Four Governance Centre, Fort Qu'Appelle, Saskatchewan, under a five year lease which expires August 22, 2005. The agreement covers use of the facility and grounds with monthly rental of $3,763. The agreement contains an option to renew at the end of the initial lease term.

- Simpson School, Yorkton, Saskatchewan. The transfer of building and property to the College has been completed as of July 5, 2000.

Offices

- Administration office and classrooms located in the Melville Comprehensive School, Melville, Saskatchewan, under a ten year lease which expires August 15, 2008. Terms of the lease provide for annual rental of $50,000 plus applicable taxes.

- Branch office and classrooms, Canora, Saskatchewan, located in the Senior Elementary School, under a two year lease which expired July 31, 1994 has been renewed on a yearly basis to June 30, 2001 under an informal agreement with the Town of Canora. Terms of the lease provide for annual rental of $11,550.

Equipment

- Xerox Canada covering 6 photocopiers at various locations until March 26, 2003. Terms of the lease call for annual rental payments of $20,212 plus taxes.

- IBM Canada covering annual maintenance on computer equipment at approximately $2,168 including taxes.

Vehicle

- GMAC for a 2001 Chevrolet Venture van. Terms of the lease call for 36 monthly payments of $654, expiring November 6, 2003.

(Continued on next page)

PARKLAND REGIONAL COLLEGE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2001.

15. INTERNAL RESTRICTION OF NET ASSETS

The Board of Directors of Parkland Regional College have placed internal restrictions on $912,280 of unrestricted net assets to be used for future expenditures. These internally restricted amounts are not available for other purposes without approval of the Board of Directors.

16. EXTERNAL RESTRICTION ON NET ASSETS

The Department of Post Secondary Education and Skills Training have funded $1,301,054 of designated capital contributions to be used for future capital expenditures. These externally restricted amounts are not available for other purposes without approval of the Department of Post Secondary Education and Skills Training.

The designated contributions are as follows:

- $15,350 for completion of Facility at Treaty # Four Governance Centre, Fort Qu'Appelle, Saskatchewan; funds are to be expended by September of 2001.

- $1,285,704 for design and construction of joint-use facility located at Yorkton Regional High School, Yorkton, Saskatchewan. The project is currently in the design phase, with construction expected to commence in May of 2002.

(Continued from previous page)

SCHEDULE 1

PARKLAND REGIONAL COLLEGE
SCHEDULE OF OPERATING FUND REVENUES BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2001.

	ADMINISTRATION	PROGRAMMING				SUPPORT SERVICES				
	GENERAL REVENUE	COMMUNITY & INDIVIDUAL DEVELOPMENT	ADULT BASIC EDUCATION	VOCATIONAL TECHNICAL	UNIVERSITY CREDIT	CAREER SERVICES	STUDENT SERVICES	2001 TOTAL	2001 BUDGET (Note 8)	2000
Post-Secondary Education and Skills Training										
Admin Recovery	$ 134,778	$	$	$	$	$	$	$ 134,778	$ 118,100	$ 157,508
Base Grant	1,320,418							1,320,418	1,274,901	1,214,853
Program Payments	10,000		622,591	1,307,441		207,430		2,147,462	2,133,689	2,362,967
Regional Services Branch			143,078			198,942		342,020	388,469	Nil
Other								Nil	Nil	89,829
	1,465,196	Nil	765,669	1,307,441	Nil	406,372	Nil	3,944,678	3,935,159	3,825,157
Federal Government										
Admin Recovery	3,750							3,750	Nil	Nil
Seat Purchases			32,320					32,320	Nil	83,214
Projects			57,980			29,925		87,905	65,000	Nil
	3,750	Nil	90,300	Nil	Nil	29,925	Nil	123,975	65,000	83,214
Other										
Contracts	79,125	748	234,390	100,947		63,923		479,133	452,676	525,041
Interest	118,683							118,683	75,968	87,612
Rents	73,823		4,892		4,000			82,715	60,710	11,934
Resale items		9,693	2,656	43,629	31,398	2,193		89,569	81,304	110,130
Tuition		53,154	63,864	282,486	149,884	3,103		552,491	693,664	648,904
Other								Nil	Nil	20,993
	271,631	63,595	305,802	427,062	185,282	69,219	Nil	1,322,591	1,364,322	1,404,614
TOTAL REVENUE	1,740,577	63,595	1,161,771	1,734,503	185,282	505,516	Nil	5,391,244	5,364,481	5,312,985
TOTAL EXPENSES (Schedule 2)	2,244,091	100,401	940,954	1,433,278	222,908	450,283	Nil	5,391,915	5,364,481	4,817,080
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	$ (503,514)	$ (36,806)	$ 220,817	$ 301,225	$ (37,626)	$ 55,233	$ Nil	$ (671)	$ Nil	$ 495,905

See Accompanying Notes

SCHEDULE 2

PARKLAND REGIONAL COLLEGE
SCHEDULE OF OPERATING FUND EXPENSES BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2001.

	GENERAL ADMINISTRATION			PROGRAMMING				SUPPORT SERVICES				
	BOARD	ADMINIS-TRATIVE	ORGANIZ-ATIONAL	COMMUNITY & INDIVIDUAL DEVELOPMENT	BASIC EDUCATION	VOCATIONAL TECHNICAL	UNIVERSITY CREDIT	CAREER SERVICES	STUDENT SERVICES	2001 TOTAL	2001 BUDGET (Note 8)	2000
Contractual and Professional Services	$	$ 133,198	$ 7,060	$ 21,352	$ 17,336	$1,084,703	$ 170,852	$ 52,532	$	$1,487,033	$1,701,677	$1,498,202
Rentals (Note 14)			169,665	1,026	13,922	86,642	688	3,509		275,452	249,072	224,752
Repairs and Maintenance			37,615		303					37,918	37,184	34,542
Operating (Schedule 3)	28,720	40,750	261,659	35,217	84,390	71,973	51,184	39,580		613,473	588,217	525,824
Personal Services	22,838	482,708	1,059,878	42,806	825,003	189,960	184	354,662		2,978,039	2,788,331	2,533,760
	$ 51,558	$ 656,656	$1,535,877	$ 100,401	$ 940,954	$1,433,278	$ 222,908	$ 450,283	$ Nil	$5,391,915	$5,364,481	$4,817,080

See Accompanying Notes

PARKLAND REGIONAL COLLEGE

SCHEDULE 3

SCHEDULE OF OPERATING EXPENSES

FOR THE YEAR ENDED JUNE 30, 2001.

	2001	2000
Advertising	$ 46,002	$ 32,368
Association fees and dues	7,694	7,052
Bad debts	5,733	255
Bank charges and interest	590	577
Minor equipment purchases	15,380	8,123
Conference and training fees	24,943	14,136
Insurance	10,945	11,944
Materials and supplies	207,226	190,158
Payroll preparation	2,300	Nil
Postage, freight and courier	9,980	10,746
Printing and duplicating	19,252	14,361
Subscriptions	1,207	1,453
Telephone and fax	89,719	77,396
Travel	111,013	99,221
Utilities	61,489	58,034
Total	$ 613,473	$ 525,824

Gilchrist & Co.
CERTIFIED MANAGEMENT ACCOUNTANTS

P. O. Box 1718 416 Main Street
Rosetown, Saskatchewan S0L 2V0

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E-mail: gilchrist.co@sk.sympatico.ca

AUDITOR'S REPORT

To the Members of the Board
of the Prairie West Regional College

We have audited the statement of financial position of the Prairie West Regional College as at June 30, 2001 and the statements of operations, changes in fund balances and cash flows for the year then ended. The College is responsible for preparing these financial statements for Treasury Board's approval. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the College as at June 30, 2001 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Rosetown, Saskatchewan
September 14, 2001

Gilchrist & Co.
Certified Management Accountant

PRAIRIE WEST REGIONAL COLLEGE
Statement of Financial Position
as at June 30, 2001

	2001			2000
	Operating	Capital	Total	Total
Assets:				
Current assets:				
Cash and temporary investments	$1,206,826	$ 130,120	$1,336,946	$1,261,281
Accounts receivable (note 3)	119,170	-	119,170	142,650
Prepaid expense	43,972	-	43,972	43,361
	1,369,968	130,120	1,500,088	1,447,292
Capital assets (note 4)	-	1,518,698	1,518,698	233,125
Capital assets in progress (note 5)	-	-	-	563,420
	$1,369,968	$1,648,818	$3,018,786	$2,243,837
Liabilities:				
Current liabilities:				
Accounts payable (note 6)	$ 202,310	$ 130,120	$ 332,430	$ 134,194
Accrued vacation payable	89,267	-	89,267	76,567
Deferred revenue (note 7)	457,993	-	457,993	1,154,042
	749,570	130,120	879,690	1,364,803
Fund balances:				
Invested in capital assets	-	1,518,698	1,518,698	251,419
Internally restricted as reserves (note 8)	205,000	-	205,000	205,000
Unrestricted	415,398	-	415,398	422,615
	620,398	1,518,698	2,139,096	879,034
	$1,369,968	$1,648,818	$3,018,786	$2,243,837

See accompanying notes.

Approved:

Chairperson

PRAIRIE WEST REGIONAL COLLEGE
Statement of Operations
For the year ended June 30, 2001

	Operating			Capital			Total		
	(Note 9) Budget	2001	2000	(Note 9) Budget	2001	2000	(Note 9) Budget	2001	2000
Revenues (Schedule 1)									
Saskatchewan Post-Secondary Education and Skills Training	$2,406,404	$2,192,981	$2,245,800	$1,411,527	$1,409,958	$ -	$3,817,931	$3,602,939	$2,245,800
Federal government	12,600	16,753	14,567	-	-	-	12,600	16,753	14,567
Other revenue	823,313	889,351	905,902	-	-	-	823,313	889,351	905,902
	3,242,317	3,099,085	3,166,269	1,411,527	1,409,958	-	4,653,844	4,509,043	3,166,269
Expenses (Schedule 2)									
Contractual & professional serv.	1,073,253	759,661	768,049	-	-	-	1,073,253	759,661	768,049
Rentals	247,399	236,366	240,395	-	-	-	247,399	236,366	240,395
Repairs and maintenance	10,565	3,338	12,520	-	-	-	10,565	3,338	12,520
Amortization	-	-	-	147,873	150,934	116,036	147,873	150,934	116,036
Operating expenses (Sch 3)	522,709	414,150	445,448	-	-	-	522,709	414,150	445,448
Personal services	1,614,262	1,632,193	1,543,512	-	-	-	1,614,262	1,632,193	1,543,512
(Gain) loss on disposal of capital assets	-	-	-	55,863	52,339	(1,912)	55,863	52,339	(1,912)
	3,468,188	3,045,708	3,009,924	203,736	203,273	114,124	3,671,924	3,248,981	3,124,048
Excess (deficiency) of revenue over expenses	$ (225,871)	$ 53,377	$ 156,345	$1,207,791	$1,206,685	$ (114,124)	$ 981,920	$1,260,062	$ 42,221

See accompanying notes.

PRAIRIE WEST REGIONAL COLLEGE
Statement of Changes in Fund Balances
For the year ended June 30, 2001

	Invested in Capital Assets	Internally Restricted As Reserves	Unrestricted	2001	2000
Fund balance at beginning of year	$ 251,419	$ 205,000	$ 422,615	$ 879,034	$ 836,813
Excess of revenue over expenses	1,206,685	-	53,377	1,260,062	42,221
Appropriated to reserves	-	-	-	-	-
Interfund transfers (note 13)	60,594	-	(60,594)	-	-
Fund balance at end of year	$1,518,698	$ 205,000	$ 415,398	$2,139,096	$ 879,034

See accompanying notes.

PRAIRIE WEST REGIONAL COLLEGE
Statement of Cash Flows
For the year ended June 30, 2001

	2001	2000
Cash from operating activities:		
Excess of revenue over expenses	$ 1,260,061	$ 42,221
Adjustments to reconcile revenue over expenses to cash provided by operating activities:		
Amortization	150,934	116,036
(Gain) loss on sale of capital assets	52,339	(1,912)
Net change in non-cash working capital (note 14)	(462,244)	546,345
	1,001,090	702,690
Investing activities:		
Purchase of capital assets	(120,272)	(80,663)
Construction of joint-use facility at Biggar	(861,514)	(545,126)
Development of Student Information System	(17,163)	(18,294)
Proceeds from disposal of capital assets	73,524	1,912
	(925,425)	(642,171)
Increase in cash and temporary investments during the year	75,665	60,519
Cash and temporary investments at beginning of the year	1,261,281	1,200,762
Cash and temporary investments at end of the year	$ 1,336,946	$ 1,261,281

See accompanying notes.

PRAIRIE WEST REGIONAL COLLEGE
Notes to the Financial Statements
For the year ended June 30, 2001

1. Purpose and Authority

The Prairie West Regional College offers educational services and programs under the authority of Section 14 of The Regional Colleges Act.

The Board of the Prairie West Regional College is responsible for administering and managing the educational affairs of the College in accordance with the intent of The Regional Colleges Act and its regulations.

2. Significant Accounting Policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant policies:

a) Fund Accounting

The accounts of the College are maintained in accordance with the principles of fund accounting. For financial reporting purposes, accounts with similar characteristics have been combined into the following major funds:

i) **Operating Fund**
The operating fund consists of those revenues and expenses relating to the general operations of the College.

ii) **Capital Fund**
The capital fund reflects the equity of the College in capital assets after taking into consideration any associated long term debt. The capital fund consists of transfers and donations designated for capital purposes by the contributor, net of the annual amortization expense.

b) Revenue recognition

The College follows the restricted fund method of accounting for grants. Restricted transfers related to general operations are recognized as revenue of the operating fund in the year in which the related expenses are incurred. Transfers restricted for capital assets are recognized as revenue of the capital fund when received or receivable.

Unrestricted operating transfers are recognized as revenue of the operating fund when received or receivable. Tuition and fee revenue is recognized as the course instruction is delivered. Revenue from contractual services is recognized as the service is delivered.

c) Capital Assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair market value at the date of contribution. Amortization is charged on a straight-line basis over the estimated useful lives of the assets at the following rates and is reported as an expense in the capital fund:

Buildings	5%
Office furniture	10%
Office equipment	20%
Machinery	20%
Computer equipment	33%
Leasehold improvement	33%
System development	20%

PRAIRIE WEST REGIONAL COLLEGE
Notes to the Financial Statements
For the year ended June 30, 2001

3. Accounts Receivable

Accounts receivable consists of the following:

	2001	2000
Saskatchewan Post Secondary Education and Skills Training	$ 34,739	$ 11,855
Province of Saskatchewan - other	650	4,163
Regional Colleges	19,099	32,729
S.I.A.S.T.	1,911	2,491
Federal government	15,877	41,495
Other	46,894	49,917
	$ 119,170	$ 142,650

4. Capital Assets

Capital assets consist of the following:

	2001			2000
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	$ -	$ -	$ -	$ 33,000
Buildings	1,406,641	70,332	1,336,309	92,863
Leasehold improvements	8,091	5,394	2,697	5,395
Furniture	109,713	23,579	86,134	37,811
Office equipment	36,976	21,570	15,406	4,418
Machinery	157,812	157,812	-	-
Computer equipment	285,798	236,012	49,786	59,638
Student information system	35,457	7,091	28,366	-
	$ 2,040,488	$ 521,790	$ 1,518,698	$ 233,125

5. Capital Assets in Progress

Capital assets in progress consist of the following:

	2001	2000
Construction in progress for a joint-use facility at Biggar. Construction began in 1999 and was completed in August, 2000.	$ -	$ 545,126
Prairie West Regional College along with Saskatchewan Post-Secondary Education and Skills Training and other Regional Colleges began to develop a province wide automated student information system. The system is expected to be implemented in the 2001-2002 fiscal year.	-	18,294
	$ -	$ 563,420

PRAIRIE WEST REGIONAL COLLEGE
Notes to the Financial Statements
For the year ended June 30, 2001

6. Accounts Payable

Accounts payable consists of the following:

	2001 Operating	2001 Capital	2000
Saskatchewan Post-Secondary Education and SkillsTraining	$ -	$ 130,120	$ 1,205
Province of Saskatchewan - other	13,194	-	6,433
Regional Colleges	31,064	-	783
S.I.A.S.T.	7,706	-	1,632
Federal government	35,599	-	-
Other	114,747	-	124,141
	$ 202,310	$ 130,120	$ 134,194

7. Deferred Revenue

Deferred revenue consists of transfers received to carry out specific activities in excess of the expenses incurred on those activities at the end of the fiscal year as follows:

	2001	2000
Saskatchewan Post-Secondary Education and Skills Training - program related	$ 455,437	$ 409,714
Saskatchewan Post-Secondary Education and Skills Training - joint-use capital project at Biggar	-	743,743
Other	2,556	585
	$ 457,993	$ 1,154,042

8. Restrictions on Fund Balances

The Board of Directors of Prairie West Regional College has placed internal restrictions on $205,000 (2000- $205,000) of unrestricted fund balances to be used for unspecified unforeseen events. These internally restricted amounts are not available for other purposes without approval of the Board of Directors.

9. Budget Amounts

The budget was prepared by Regional College management with Board approval given on May 24, 2000. Ministerial approval was received December 18, 2000.

PRAIRIE WEST REGIONAL COLLEGE
Notes to the Financial Statements
For the year ended June 30, 2001

10. Related Party Transactions

Included in these financial statements are revenue and expense amounts resulting from routine transactions with related parties. These transactions are conducted at prevailing market prices with various Saskatchewan Crown-controlled departments, agencies and corporations with which the College is related by virtue of its economic interest with the Government of Saskatchewan.

The College brokered the following course sessions during the year:

	2001	2000
S.I.A.S.T.	$ 366,359	$ 293,766

Payments to other related parties include:

	2001	2000
Saskatchewan Municipal Employees' Pension	$ 53,149	$ 44,865
SaskTel expenses	62,247	59,189
SaskPower expenses	13,232	17,219
SaskEnergy expenses	12,154	11,267
	$ 140,782	$ 132,540

Account balances from these transactions are included in the balance sheet and are settled on normal trade terms. Other transactions with related parties are disclosed elsewhere in these financial statements.

The College receives long distance telephone service between major centres from SaskTel, a related party, at reduced rates available to government agencies.

11. Financial Instruments

The carrying amount of cash and temporary investments, accounts receivable, accounts payable and accrued salaries and vacation payable approximates fair market value due to the short term maturity of these instruments. There are no significant terms or conditions related to these financial instruments that they affect the amount, timing, or certainty of future cash flows.

12. Pensions

Employees of the College participate in one of two pension plans. Teachers and other employees holding a teaching certificate participate in a defined benefit plan, the Teachers' Superannuation Plan (TSP) which is administered by the Teachers' Superannuation Commission. The College has no financial obligation to TSP. Eligible employees contribute to TSP for their current service. No matching contribution is made by the College. The General Revenue Fund is responsible for the financial obligations of the TSP. All other employees participate through Municipal Employee's Pension Plan (MEPP) which is also a multi-employer defined benefit plan. The last actuarial valuation of the MEPP indicated there was a surplus in the plan. The College's financial obligation of the MEPP is limited to making required payments to match amounts contributed by employees for current services. Pension expense for the year amounted to $53,149 (2000-$44,865).

13. Interfund Transfers

In 2001, the Board transferred $60,594 from the Operating Fund to the Capital Fund to offset withdrawals for capital expenditures.

PRAIRIE WEST REGIONAL COLLEGE
Notes to the Financial Statements
For the year ended June 30, 2001

14. Net Change in Non-Cash Working Capital

	2001	2000
(Increase) decrease in accounts receivable	$ 23,480	$ 8,292
(Increase) decrease in prepaid expenses	(611)	(25,924)
Increase (decrease) in accounts payable	198,236	79,520
Increase (decrease) in accrued vacation payable	12,700	15,152
Increase (decrease) in deferred revenue	(696,049)	469,305
	$ (462,244)	$ 546,345

PRAIRIE WEST REGIONAL COLLEGE
Schedule of Operating Fund Revenues by Function
For the year ended June 30, 2001

Schedule 1

	Administration		Programming			Support Services		Total		
	General Revenue	Non-Credit	Adult Basic Education	Vocational Technical	University Credit	Career Services	Student Services	2001	(Note 9) Budget	2000
Post-Secondary Education and Skills Training:										
Admin recovery	$ 44,000	$ -	$ -	$ 50,000	$ -	$ 11,968	$ -	$ 105,968	$ 104,000	$ 104,000
Base grant	903,489	-	13,500	-	70,878	63,795	-	1,051,662	1,011,257	1,053,504
Outreach fund	-	-	-	-	-	-	-	-	-	-
Program payments	-	94	220,592	661,755	-	-	-	882,441	1,089,647	967,721
Regional Services Branch payments	20,000	5,701	48,785	-	-	65,000	-	139,486	184,000	112,400
Other	13,424	-	-	-	-	-	-	13,424	17,500	8,175
	980,913	5,795	282,877	711,755	70,878	140,763	-	2,192,981	2,408,404	2,245,800
Federal Government:										
Admin recovery	-	-	-	-	-	-	-	-	-	-
Seat purchases	-	-	-	-	-	-	-	-	-	2,511
Projects	-	-	-	-	-	-	-	-	-	-
Other	-	3,313	13,440	-	-	-	-	16,753	12,600	12,056
	-	3,313	13,440	-	-	-	-	16,753	12,600	14,567
Other:										
Admin recovery	-	-	-	-	-	-	-	-	-	-
Contracts	86,000	38,469	86,347	5,588	-	-	-	216,404	198,956	217,144
Interest	82,120	-	-	-	-	-	-	82,120	25,000	72,506
Rents	713	225	-	3,275	-	118	-	4,331	6,225	5,320
Resale items	262	24,438	1,419	35,990	4,055	-	-	66,164	86,450	83,933
Tuitions	-	175,048	-	323,517	215	-	-	498,780	501,682	517,151
Other	15,377	10	600	-	-	5,565	-	21,552	5,000	9,848
	184,472	238,190	88,366	368,370	4,270	5,683	-	889,351	823,313	905,902
Total revenue	1,165,385	247,298	384,683	1,080,125	75,148	146,446	-	3,099,085	3,242,317	3,166,269
Total expenses (Schedule 2)	1,731,761	171,001	249,289	721,662	33,459	138,536	-	3,045,708	3,468,188	3,009,924
Excess (deficiency) of revenue over expenses	$ (566,376)	$ 76,297	$ 135,394	$ 358,463	$ 41,689	$ 7,910	$ -	$ 53,377	$ (225,871)	$ 156,345

See accompanying notes.

PRAIRIE WEST REGIONAL COLLEGE
Schedule of Operating Fund Expenses by Function
For the year ended June 30, 2001

Schedule 2

	General Administration			Programing				Support Services		Total		
	Board	Administrative	Organizational	Non Credit	Adult Basic Education	Vocational Technical	University Credit	Career Service	Student Services	2001	(Note 9) Budget	2000
Contractual and professional services	$ -	$ 31,748	$ 12,872	$ 115,144	$ 53,806	$ 510,531	$ 26,899	$ 8,661	$ -	$ 759,661	$ 1,073,253	$ 768,049
Rentals	-	20,295	113,871	14,211	26,621	58,938	950	1,480	-	236,366	247,399	240,395
Repairs and maintenance	-	495	1,360	191	-	774	-	518	-	3,338	10,565	12,520
Operating (Schedule 3)	8,368	110,640	121,752	41,139	26,050	85,449	5,610	15,144	-	414,150	522,709	445,448
Personal services	17,328	431,480	861,554	316	142,812	65,970	-	112,733	-	1,632,193	1,614,262	1,543,512
	$ 25,694	$ 594,658	$ 1,111,409	$ 171,001	$ 249,289	$ 721,662	$ 33,459	$ 138,536	$ -	$ 3,045,708	$ 3,468,188	$ 3,009,924

See accompanying notes.

PRAIRIE WEST REGIONAL COLLEGE
Schedule of Operating Expenses
For the year ended June 30, 2001

Schedule 3

	2001	2000
Operating expenses:		
Advertising	$ 28,254	$ 26,426
Association fees and dues	7,050	6,972
Bad debts	2,052	693
Bank charges and interest	1,552	1,376
Computer software	12,280	6,745
Non-capital equipment purchases	17,664	26,491
Conference and training fees	16,174	23,704
Insurance	9,506	9,231
Materials and supplies	65,542	71,543
Postage, freight and courier	23,337	27,269
Printing and duplicating	22,350	20,206
Resale items	72,449	80,073
Subscriptions	1,368	1,589
Telephone and fax	48,574	59,883
Travel	46,287	46,447
Utilities	30,267	29,009
Other	9,444	7,791
Total	$ 414,150	$ 445,448

AUDITORS' REPORT TO THE MEMBERS OF THE LEGISLATIVE ASSEMBLY OF SASKATCHEWAN

We have audited the statement of financial position of Saskatchewan Institute of Applied Science and Technology as at June 30, 2001 and the statements of operations, changes in net assets and cash flows for the year then ended. The Institute is responsible for preparing these financial statements for Treasury Board's approval. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Institute as at June 30, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants
Saskatoon, Saskatchewan
August 17, 2001

Acting Provincial Auditor
Regina, Saskatchewan
August 17, 2001

SASKATCHEWAN INSTITUTE OF APPLIED SCIENCE AND TECHNOLOGY

Statement of Financial Position

June 30, 2001 with comparative figures for 2000

(in thousands of dollars)

	2001	2000
Assets		
Current assets:		
Cash and short-term investments (note 3)	$ 20,630	$ 14,969
Accounts receivable (note 4)	5,355	6,702
Inventories (note 5)	1,816	1,928
Prepaid expenses	241	211
	28,042	23,810
Capital assets (note 6)	23,379	18,364
	$ 51,421	$ 42,174
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	$ 7,711	$ 5,843
Salaries and benefits payable	10,740	6,906
Unearned revenue (note 7)	3,570	2,941
Deferred grants (note 9)	2,516	1,726
Current portion of obligation under capital leases (note 8)	32	77
	24,569	17,493
Obligation under capital leases (note 8)	121	177
Deferred grants related to capital assets (note 10)	10,787	8,543
	35,477	26,213
Net Assets		
Net assets invested in capital assets	12,439	9,567
Operating net assets:		
Unrestricted	1,801	5,122
Internally restricted (note 11)	1,704	1,272
	15,944	15,961
Commitments (note 12)		
	$ 51,421	$ 42,174

See accompanying notes to financial statements.

On behalf of the Board:

Director

Director

SASKATCHEWAN INSTITUTE OF APPLIED SCIENCE AND TECHNOLOGY

Statement of Operations

Year ended June 30, 2001 with comparative figures for 2000

(in thousands of dollars)

	2001 Budget	2001 Actual	2000 Actual
Revenue:			
Grants	$ 80,551	$ 83,306	$ 76,409
Contractual services	21,938	20,313	21,613
Tuition and fees	15,922	16,311	14,902
Sales	6,427	6,624	6,161
Interest	900	1,411	1,005
Amortization of deferred capital grants	1,166	1,132	1,096
Rentals	99	141	237
Donations	38	129	267
	127,041	129,367	121,690
Expenditures:			
Salaries and benefits	80,893	83,561	76,026
Facilities rental	15,452	15,841	14,958
Materials and supplies	10,399	9,781	9,800
Services	8,543	9,466	7,847
Amortization	5,320	5,205	4,519
Travel	3,642	3,274	3,125
Equipment rental and repairs	2,581	2,016	1,988
Scholarships and donations	211	240	233
	127,041	129,384	118,496
Excess (deficiency) of revenue over expenditures	$ –	$ (17)	$ 3,194

See accompanying notes to financial statements.

SASKATCHEWAN INSTITUTE OF APPLIED SCIENCE AND TECHNOLOGY

Statement of Changes in Net Assets

Year ended June 30, 2001, with comparative figures for 2000

(in thousands of dollars)

	Invested in Capital Assets	Unrestricted	Internally Restricted	2001 Total	2000 Total
Balance, beginning of year	$ 9,567	$ 5,122	$ 1,272	$ 15,961	$ 12,767
Excess (deficiency) of revenue over expenditures	(3,973)	3,956	–	(17)	3,194
Investment in capital assets	6,845	(6,845)	–	–	–
Internally imposed restrictions (note 11)	–	(432)	432	–	–
Balance, end of year	$ 12,439	$ 1,801	$ 1,704	$ 15,944	$ 15,961

See accompanying notes to financial statements.

SASKATCHEWAN INSTITUTE OF APPLIED SCIENCE AND TECHNOLOGY

Statement of Cash Flows

Year ended June 30, 2001 with comparative figures for 2000

(in thousands of dollars)

	2001	2000
Cash from operating activities		
Excess (deficiency) of revenue over expenditures	$ (17)	$ 3,194
Amortization of capital assets	5,205	4,519
Amortization of deferred capital grants	(1,132)	(1,096)
Change in non-cash working capital (note 13)	8,550	(4,733)
Gain on sale of capital assets	(100)	(67)
Cash generated from operating activities	12,506	1,817
Financing and investing activities		
Grants for purchase of capital assets	3,376	2,293
Repayments of obligation under capital leases	(101)	(153)
Proceeds from sale of capital assets	240	183
Purchase of capital assets	(10,360)	(7,156)
Net cash used in financing and investing activities	(6,845)	(4,833)
Net increase (decrease) in cash and short-term investments	5,661	(3,016)
Cash and short-term investments, beginning of year	14,969	17,985
Cash and short-term investments, end of year	$ 20,630	$ 14,969

See accompanying notes to financial statements.

SASKATCHEWAN INSTITUTE OF APPLIED SCIENCE AND TECHNOLOGY

Notes to Financial Statements

Year ended June 30, 2001

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1. Statutory authority:

Saskatchewan Institute of Applied Science and Technology (SIAST) was established as a public educational corporation by the Legislative Assembly of Saskatchewan under *The Institute Act* and is continued under *The Saskatchewan Institute of Applied Science and Technology Act.*

2. Significant accounting policies:

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles, and include the following significant accounting policies:

(a) Revenue recognition:

SIAST follows the deferral method of accounting for grants. Grants for expenditures of future periods are deferred and recognized as revenue in the year in which the related expenditure is incurred. Grants for capital assets are deferred and recognized as revenue on the same basis as the acquired capital assets are amortized.

Revenue from contractual services is recognized as the service is delivered. Revenue from tuition and fees is recognized as the course instruction is delivered.

(b) Inventories:

Inventories consist of merchandise and supplies held for resale and are valued at the lower of cost and net realizable value. Administrative and program supplies and library periodicals are not inventoried.

(c) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is charged to operations on the straight line basis over the following estimated useful lives of the assets:

Asset	Period
Industrial and heavy equipment	10 years
Furniture	10 years
Office equipment, specialized equipment and library	5 years
Vehicles	8 years
Leasehold improvements:	
SPMC owned properties	15 years
Other properties	Lease term
Computer equipment	3 years

SASKATCHEWAN INSTITUTE OF APPLIED SCIENCE AND TECHNOLOGY

Notes to Financial Statements - continued

Year ended June 30, 2001

2. Significant accounting policies - continued:

(d) Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions regarding the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures for the year. Actual amounts may differ from these estimates.

3. Cash and short-term investments:

(in thousands of dollars)

	2001	2000
Cash	$ 1,933	$ 1,347
Short-term investments	18,697	13,622
	$ 20,630	$ 14,969

The investment in short-term investments is stated at cost which approximates market value.

4. Accounts receivable:

(in thousands of dollars)

	2001	2000
Tuition fees	$ 161	$ 100
Programs delivered	1,213	2,253
Federal government	1,046	806
Provincial government - General Revenue Fund	1,997	3,051
Other	938	492
	$ 5,355	$ 6,702

SASKATCHEWAN INSTITUTE OF APPLIED SCIENCE AND TECHNOLOGY

Notes to Financial Statements - continued

Year ended June 30, 2001

5. Inventories:

(in thousands of dollars)

	2001	2000
Bookstores	$ 1,675	$ 1,799
Food services	76	76
Shop and service supplies	65	53
	$ 1,816	$ 1,928

6. Capital assets:

(in thousands of dollars)

			2001	2000
	Cost	Accumulated Amortization	Net book Value	Net Book Value
Vehicles and equipment	$ 68,723	$ 55,850	$ 12,873	$ 11,563
Leasehold improvements	12,705	2,199	10,506	6,801
	$ 81,428	$ 58,049	$ 23,379	$ 18,364

7. Unearned revenue:

(in thousands of dollars)

	2001	2000
Tuition and fees	$ 1,120	$ 847
Contractual services	903	1,093
Grants - operations and rent	1,141	495
Other	406	506
	$ 3,570	$ 2,941

SASKATCHEWAN INSTITUTE OF APPLIED SCIENCE AND TECHNOLOGY

Notes to Financial Statements - continued

Year ended June 30, 2001

8. Obligation under capital leases:

(in thousands of dollars)

	2001	2000
Obligation under capital leases, beginning of year	$ 254	$ 407
Repayments during the year	(101)	(153)
Obligation under capital leases, end of year	153	254
Less current portion	32	77
Long-term obligation under capital leases	$ 121	$ 177

Minimum lease payments under the capital leases are as follows:

2002	$ 45
2003	45
2004	35
2005	33
2006	30
Total minimum lease payments	188
Less amount representing future interest	35
Net obligation under capital leases	$ 153

Interest rates on the leases range from 8.0% to 11.5%. Interest expensed during the year amounted to $32 (2000 - $36). Subsequent to June 30, 2001, SIAST entered into a number of new capital leases. Interest rates on these leases range from 8.68% to 9.38%, and the minimum lease payments total $588.

SASKATCHEWAN INSTITUTE OF APPLIED SCIENCE AND TECHNOLOGY

Notes to Financial Statements - continued

Year ended June 30, 2001

9. Deferred grants:

(in thousands of dollars)

	Skills Training	Capital Assets	2001 Total	2000 Total
Beginning balance	$ 1,456	$ 270	$ 1,726	$ 778
Amount received	2,548	3,578	6,126	2,818
Recognized as revenue in the year	(2,364)	(2,972)	(5,336)	(1,870)
Ending balance	$ 1,640	$ 876	$ 2,516	$ 1,726

Skills Training deferred grants represent unspent grants which are restricted to the Skills Training programs. Under these programs, the Department of Post-Secondary Education and Skills Training provides funding to enable SIAST to respond regionally to emerging skills shortages. Capital assets represents unspent grants for capital assets.

10. Deferred grants related to capital assets:

(in thousands of dollars)

	2001	2000
Beginning balance	$ 8,543	$ 7,346
Amortization	(1,132)	(1,096)
Assets purchased	3,376	2,293
Ending balance	$ 10,787	$ 8,543

Deferred grants relating to capital assets represent the unamortized portion of grant amounts expended for capital assets.

SASKATCHEWAN INSTITUTE OF APPLIED SCIENCE AND TECHNOLOGY

Notes to Financial Statements - continued

Year ended June 30, 2001

11. Internally restricted net assets:

(in thousands of dollars)

	Equipment Renewal	Strategic Initiatives	2001 Total	2000 Total
Beginning balance	$ 1,046	$ 226	$ 1,272	$ 849
Current expenditures	(1,046)	–	(1,046)	(623)
Current restrictions	1,478	–	1,478	1,046
Ending balance	$ 1,478	$ 226	$ 1,704	$ 1,272

Budgeted figures exclude expenditures which were funded out of internally restricted net assets. Current year expenditures funded out of internally restricted net assets are $1,046 (2000 - $623). $1,478 (2000 - $1,046) has been transferred from unrestricted to internally restricted net assets to fund future expenditures.

12. Commitments:

SIAST has a number of operating lease commitments pertaining to land and buildings and equipment. The majority of land and buildings are leased on a continuing basis from the Saskatchewan Property Management Corporation (SPMC). The remaining land and buildings as well as the equipment are leased from various private lessors.

A summary of the future minimum operating lease commitments over the next five years is as follows:

(in thousands of dollars)

	Land and Buildings		Equipment	
	SPMC	Other Lessor	Other Lessor	Total
2002	$ 15,421	$ 541	$ 1,140	$ 17,102
2003	15,421	–	–	15,421
2004	15,421	–	–	15,421
2005	15,421	–	–	15,421
2006	15,421	–	–	15,421

SIAST is committed to providing annual funding toward professional development activities of in-scope academic and administrative support employees. The commitment for fiscal 2002 as required by the collective agreement is $487,409.

SIAST has implemented a succession planning incentive plan effective July 1, 2001. SIAST is committed to providing annual funding toward this plan. The minimum annual commitment as required by the collective agreement is $350,000.

SASKATCHEWAN INSTITUTE OF APPLIED SCIENCE AND TECHNOLOGY

Notes to Financial Statements - continued

Year ended June 30, 2001

13. Change in non-cash working capital:

(in thousands of dollars)

	2001	2000
Accounts receivable	$ 1,347	$ (1,783)
Inventories	112	(568)
Prepaid expenses	(30)	107
Accounts payable and accrued liabilities	1,868	1,853
Salaries and benefits payable	3,834	551
Unearned revenue	629	(5,841)
Deferred grants	790	948
	$ 8,550	$ (4,733)

14. Financial assets and liabilities:

Cash and short-term investments, accounts receivable, accounts payable and accrued liabilities and salaries and benefits payable are all short-term in nature and as such their carrying value approximates fair value.

15. Related parties (in thousands of dollars):

Included in the financial statements are revenue and expenditure amounts resulting from routine transactions conducted at prevailing market prices with various Saskatchewan Crown-controlled departments, agencies and corporations with which SIAST is related. Account balances resulting from these transactions are included in the balance sheet and settled on normal trade terms. Other transactions with related parties are disclosed elsewhere in these statements.

During the year, SIAST recognized revenue from the General Revenue Fund of the Province of Saskatchewan for operations and rent in the amount of $83,231 (2000 - $76,297). The Department of Post-Secondary Education and Skills Training through the General Revenue Fund also funds training on a contractual basis. During the year, $6,965 (2000 - $13,473) was recognized for these contractual programs.

SIAST recognized revenue for contractual services of $6,027 from the Saskatchewan Apprenticeship and Trade Certification Commission to provide apprenticeship training. In prior years, funding for these programs was included in payments received from the Department of Post-Secondary Education and Skills Training.

SIAST also recognized revenue for contractual services from the Province of Saskatchewan regional colleges for $3,634 (2000 - $3,393). SIAST made payments to regional colleges totaling $324 (2000 - $302).

SASKATCHEWAN INSTITUTE OF APPLIED SCIENCE AND TECHNOLOGY

Notes to Financial Statements - continued

Year ended June 30, 2001

15. Related parties (in thousands of dollars) - continued:

SIAST paid SPMC $20,998 (2000 - $16,532) for accommodation, construction management, and other services. These transactions are at rates set by SPMC.

Included in services expenditures is $2,256 (2000 - $1,952) paid to SaskTel for communication services. These transactions are recorded at rates set by SaskTel.

The short-term investments set out in note 3 are held by the Department of Finance as custodian.

SIAST employees participate in various multi-employer defined benefit and money purchase type pension plans. The majority of these are managed and administered by the Department of Finance. Employer contributions for money purchase plans are included in expenditures in these financial statements. Employer obligations associated with the defined benefit pension plans are the responsibility of the General Revenue Fund of the Province of Saskatchewan.

Payments to other related agencies included: Public Employees Pension Plan $5,440 (2000 - $5,236), Public Service Superannuation Plan $335 (2000 - $379), Public Employees Dental Plan $647 (2000 - $635), University of Saskatchewan $284 (2000 - $377) and the Workers Compensation Board of Saskatchewan $451 (2000 - $260).

The Kelsey Foundation Inc., the Palliser Campus Development Foundation, the Wascana Campus Foundation Inc. and the Woodland Foundation Inc. are not-for-profit organizations which operate to offer financial support to the students at their respective campuses. Funds solicited by the Foundations are used to provide scholarships directly to students and for equipment donated to the campus for use in program delivery. For the Kelsey Foundation Inc. year ended December 31, 2000, donations in kind to SIAST Kelsey Campus were $164 (2000 - $393).

16. Expenditures by function:

Following is a summary of expenditures by function:

(in thousands of dollars)

	2001	2000
Programs	$ 79,681	$ 72,743
Facilities	16,020	15,317
Administration	18,881	16,348
Student services	8,776	8,496
Ancillary	6,026	5,592
	$ 129,384	$ 118,496

EPR CERTIFIED GENERAL ACCOUNTANTS
115 SECOND STREET
WEYBURN, SASKATCHEWAN
S4H 0T7

AUDITOR'S REPORT

To the Board of Governors of Southeast Regional College:

We have audited the statement of financial position of the Southeast Regional College as at June 30, 2001, and the statements of operations, changes in fund balances and cash flows for the year then ended. The college is responsible for preparing these Financial Statements for Treasury Board's approval. Our responsibility is to express an opinion on these Financial Statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the Financial Statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion these Financial Statements present fairly in all material respects, the financial position of Southeast Regional College as at June 30, 2001, and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting principles.

Weyburn, Saskatchewan
August 27, 2001

Evancic Perrault Robertson
EPR Certified General Accountants

Southeast Regional College
Statement of Financial Position
as at June 30, 2001

	Operating Fund	Capital Fund	2001	2000
	$	$	$	$
Assets				
Current Assets				
Cash	873,596		873,596	878,509
Cash, Internally Restricted Funds (note 12)	573,096		573,096	590,128
Accounts Receivable (note 3)	987,659		987,659	552,684
Prepaid Expenses	41,535		41,535	65,998
	2,475,886		2,475,886	2,087,319
Capital Assets (notes 2 & 4)		1,097,463	1,097,463	405,436
Deferred Rent (note 8)		105,000	105,000	120,000
		1,202,463	1,202,463	525,436
	2,475,886	1,202,463	3,678,349	2,612,755
Liabilities				
Current Liabilities				
Accounts Payable (note 5)	898,557		898,557	727,948
Accrued Vacation Pay (note 6)	114,142		114,142	107,488
Deferred Revenue (note 11)	658,253		658,253	410,094
	1,670,952		1,670,952	1,245,530
Fund Balances (note 2)				
Unrestricted	231,838		231,838	251,661
Invested in Capital Assets		1,202,463	1,202,463	525,436
Internally Restricted (note 12)	573,096		573,096	590,128
	804,934	1,202,463	2,007,397	1,367,225
	2,475,886	1,202,463	3,678,349	2,612,755

Approved on behalf of the Board

The accompanying notes form an integral part of these financial statements.

Southeast Regional College
Statement of Operations
for the year ended June 30, 2001

	Operating		Capital			
	2001	2000	2001	2000	2001	2000
	$	$	$	$	$	$
Revenues (Schedule 1)						
Saskatchewan Post-Secondary Education and Skills Training	3,629,247	3,557,697	814,819		4,444,066	3,557,697
Federal Government	15,168	107,167			15,168	107,167
Other Revenue	1,965,871	1,855,921	3,978	15,108	1,969,849	1,871,029
Total Revenues	**5,610,286**	**5,520,785**	**818,797**	**15,108**	**6,429,083**	**5,535,893**
Expenses (Schedule 2)						
Contractual & Professional Services	1,893,088	1,984,999			1,893,088	1,984,999
Rentals	263,427	268,383	(30,000)	(30,000)	233,427	238,383
Repairs and Maintenance	32,671	18,351			32,671	18,351
Amortization(notes 4 and 8)			278,802	172,348	278,802	172,348
Operating Expenses (Schedule 3)	961,068	816,190		635	961,068	816,825
Personal Services	2,389,855	2,306,201			2,389,855	2,306,201
Total Expenses	**5,540,109**	**5,394,124**	**248,802**	**142,983**	**5,788,911**	**5,537,107**
Excess / (Deficiency) of Revenue over Expenditures	**70,177**	**126,661**	**569,995**	**(127,875)**	**640,172**	**(1,214)**

The accompanying notes form an integral part of these financial statements.

Southeast Regional College
Statement of Changes in Fund Balances
for the year ended June 30, 2001

	Invested in Capital Assets	Internally Restricted Funds	Unrestricted Funds	2001	2000
	$	$	$	$	$
Balance, beginning of the year	525,436	590,128	251,661	1,367,225	1,368,439
Excess/(Deficiency) of Revenue over Expenses	569,995		70,177	640,172	(1,214)
Investment in Capital Assets (note 12)	955,830	(955,830)			
Inter-fund Transfers - to / (from) (note 12)	(848,798)	938,798	(90,000)		
Balance, end of the year	1,202,463	573,096	231,838	2,007,397	1,367,225

The accompanying notes form an integral part of these financial statements.

Southeast Regional College
Statement of Cash Flows
for the year ended June 30, 2001

	2001 $	2000 $
Cash from Operating Activities		
Excess/(Deficiency) of Revenue over Expenses		
-Operating Fund	70,177	126,661
-Capital Fund	569,995	(127,875)
Amortization of Capital Assets	278,802	172,348
Net Change in Non-cash Working Capital		
-(Increase)/Decrease in Accounts Receivable	(434,974)	(304,526)
-(Increase)/Decrease in Prepaid Expenses	24,463	(54,245)
-Increase/(Decrease) in Accounts Payable	170,609	181,738
-Increase/(Decrease) in Accrued Vacation Pay	6,654	624
-Increase/(Decrease) in Deferred Revenue	248,159	(29,167)
Net cash generated through operating activities	933,885	(34,442)
Financing and Investing Activities		
Purchase of Capital Assets	(955,830)	(234,786)
Net cash used in financing and investing activities	(955,830)	(234,786)
Net Increase/(Decrease) in Cash	(21,945)	(269,228)
Cash, beginning of the year	1,468,637	1,737,865
Cash, end of the year	**1,446,692**	**1,468,637**

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

1. General Information

The Southeast Regional College offers educational services and programs under the authority of Section 14 of *The Regional Colleges Act*. The Board of the Southeast Regional College is responsible for administering and managing the educational affairs of the College in accordance with *The Regional Colleges Act* and its regulations.

The College's objectives are to promote the social, economic and cultural development of Southeastern Saskatchewan by facilitating learning options in partnership with community groups and businesses.

2. Significant Accounting Policies

These financial statements have been prepared in accordance with generally accepted accounting principles utilizing the restricted funds method of accounting for contributions.

a) Fund Accounting

Funds are a separate self-balancing set of accounts for each accounting entity established within the accounting system, which segregate the transactions of a particular activity, as follows:

i The Operating Fund accounts for the organization's program delivery and administrative activities. The fund reports unrestricted resources and restricted operating and program grants.

ii The Capital Fund reports the assets, liabilities, revenues and expenses related to the capital assets of the College.

iii The Scholarship Fund reports resources contributed for scholarships. Investment income and contributions are reported as revenue, and scholarships granted are reported as expenditures of this fund.

iv The College maintains Internally Restricted Funds designated by the Board for the following purposes:

Capital Purchases:	Funds are allocated for three categories of future capital requirements: Program Computer Enhancement, Program Equipment Enhancement and Facility Enhancement.
Other:	Other amounts are designated by the Board for specific purposes relating to future operations of the College. Funds in this category are: Program Development; to be used for development of existing and future programs to be offered by the College, and Education; to be used for professional development of College personnel.

Amounts transferred to, and disbursements from, these funds, are approved by the Board of Governors.

b) Capital Assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair market value at the date of contribution. Amortization is provided on a straight line basis over the estimated useful lives of the assets, and recorded as an expense in the capital fund, for the categories listed below:

Leasehold improvements	:	over the life of the lease, to which they relate.
Program equipment and office equipment	:	5 years.
Computer hardware and systems software	:	3 years.
Office furniture	:	10 years.

c) Revenue Recognition

Restricted contributions related to general operations are recognized as revenue of the Operating Fund, in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund, in the year received.

Unrestricted contributions are recognized as revenue in the year received or receivable, if the amount to be received can be reasonably estimated, and collection is reasonably assured.

Investment income earned from the resources of internally restricted funds, is recorded as income in the Operating Fund.

Tuition revenue is recognized as revenue of the Operating Fund in the period in which the related expenses are incurred.

3. Accounts Receivable

Accounts receivable are composed of the following:	2001 $	2000 $
Saskatchewan Post-Secondary Education and Skills Training	484,889	64,236
Government of Saskatchewan - other	64,628	42,394
Other less allowance for doubtful accounts (2001- $22,875, 2000 - $2,367)	438,142	446,054
	987,659	552,684

4. Capital Assets

	Cost		Accumulated Amortization		Net Book Value	
	2001 $	2000 $	2001 $	2000 $	2001 $	2000 $
Leasehold improvements	930,360	164,151	162,166	75,094	768,194	89,057
Program equipment	274,610	262,844	213,887	188,727	60,723	74,117
Computer hardware - programs	634,925	632,497	567,483	516,403	67,442	116,094
Computer hardware - admin.	384,916	253,059	264,429	194,083	120,487	58,976
Office equipment	50,036	44,839	40,500	37,667	9,536	7,172
Office furniture	77,760	68,464	43,315	36,849	34,445	31,615
System software	196,954	167,877	160,318	139,472	36,636	28,405
	2,549,561	1,593,731	1,452,098	1,188,295	1,097,463	405,436

5. Accounts Payable

Accounts payable are composed of the following:	2001 $	2000 $
Saskatchewan Post-Secondary Education & Skills Training	1,485	5,190
Government of Saskatchewan - other	1,779	133,138
Other	895,293	589,620
	898,557	727,948

6. Accrued Vacation Pay

Vacation pay of $114,142 (2000, $107,488) representing vacation earned by employees but not yet paid, has been calculated and recorded in the accounts.

7. Lease Commitments - Equipment and Buildings

The College has obligations for leases of office equipment and premises. Future minimum payments for the next five years total $917,357 with the following annual payments:

Year	$
2002	188,993
2003	188,177
2004	186,500
2005	179,876
2006	173,811

8. Deferred Rent

The college entered into a lease for facilities for a period of 10 years in 1998. A condition of the lease required an advance payment of $150,000 to the lessor of the premises. The payment has been recorded as deferred rent and will be amortized over the term of the lease at the rate of $15,000 per year.

9. Related Party Transactions

Included in these financial statements are revenue and expenditures resulting from routine operating transactions conducted at agreed rates with various Crown controlled departments, agencies and corporations, with which the College is related. Accounts balances resulting from these transactions are included in the statements of financial position and operations. These transactions are settled on normal trade terms.

Transactions with related parties, incorporated in these financial statements, include the following:

Significant payments to related parties during the fiscal year:	**2001** **$**	**2000** **$**
Association of Saskatchewan Regional Colleges	6,082	7,800
Saskatchewan Regional Colleges	20,973	29,221
SIAST	659,403	912,372
Saskatchewan Property Management Corp.	90,171	88,147
Saskatchewan Telecommunications	118,874	91,194
University of Regina	81,541	58,171

Significant receipts from related parties during the fiscal year:	**2001** **$**	**2000** **$**
Saskatchewan Regional Colleges	44,084	
SIAST	35,032	35,469
SCN	79,125	105,500
University of Regina	4,073	3,913

10. Pension Plans

Employees of the college are members of the Teachers' Superannuation Plan, the Saskatchewan Teachers Retirement Plan or a defined contribution plan established by the Southeast Regional College. The college's obligations under these arrangements are limited to matching employee's contributions of the defined contribution plan established by the Southeast Regional College. Pension contributions for 2001 totalled $93,476 (2000, $80,544).

11. Deferred Operating Grants and Program Payments

Deferred revenue represents restricted funding for operating grants and program payments received in the current period, for operations of the subsequent period. Changes in deferred revenue for the year, are as follows:

		2001 **$**	**2000** **$**
Balance, beginning of year		410,094	439,261
Deduct:	Amounts recognized as revenue during the year	(403,730)	(412,376)
Add:	Amounts received during the year		
	Tuition received in advance	9,804	1,830
	Employability Assistance for People with Disabilities	17,500	
	Quick Skills	105,956	23,257
	Saskatchewan Skills Extension Program	461,629	135,543

SIAST Deferred Revenue Fund	26,200	
Labour Market Development Agreement		113,163
Basic Education		15,000
CanSask Regional Planning project	12,550	
CanSask Counselling project	8,250	
Carpentry program		84,416
Provincial Training Allowance administration fee	10,000	10,000
Balance, end of year	658,253	410,094

12. Inter-fund Transfers and Internally Restricted Net Assets

The Board of Governors have placed internal restrictions on unrestricted net assets to be used for future expenditures. These internally restricted amounts are not available for other purposes without approval of the Board of Directors. In 2001, a transfer of $938,798 from operations, $848,798 from Capital Fund revenues before amortization and $90,000 from unrestricted, was made; $121,097 to the Program Computer Fund and $817,701 to the Equipment and Facility Fund, and transfers of $134,285 from the Program Computer Fund and $821,545 from the Equipment and Facility Fund were made to the (Restricted) Capital Fund, to cover the net cost of additions to Capital Assets.

The changes in internally restricted funds for the year, are as follows:

Internally Restricted Funds	**Program Computer Fund** $	**Equipment & Facility Fund** $	**Program Development Fund** $	**Educational Development Fund** $	**Total** $
Balance, beginning of year	262,283	40,188	203,224	84,433	590,128
Transfer from operating fund	121,097	817,701			938,798
Additions to capital assets, (transferred to capital fund)	(134,285)	(821,545)			(955,830)
Inter-fund transfers - to / (from)					
Balance, end of year	249,095	36,344	203,224	84,433	573,096

13. Financial Instruments

Accounts receivable and accounts payable are all short term in nature, and as such, their carrying value approximates fair value.

The College is exposed to credit risk from non-payment of accounts receivable. Credit risk is minimal for amounts due from Saskatchewan Post-Secondary Education & Skills Training, the Government of Canada, and other educational institutions. All other receivables are reported at estimated net realizable value.

14. Actual vs Budget

	Budget 2001 $	Actual 2001 $
Revenue		
Saskatchewan Post-Secondary Education & Skills Training	3,842,905	3,629,247
Federal Government	97,807	15,168
Other	1,801,908	1,965,871
	5,742,620	**5,610,286**
Expenditure		
Contractual & professional	2,166,685	1,893,088
Rentals	244,154	263,427
Repairs & maintenance	24,158	32,671
Operating expenses	922,245	961,068
Personnel	2,501,404	2,389,855
	5,858,646	**5,540,109**
Excess (Deficiency) of Operating Fund revenues over expenditures	(116,026)	70,177
Excess (Deficiency) of Capital Fund revenues over expenditures	533,854	569,995
Total - Excess (Deficiency) of revenues over expenditures	**417,828**	**640,172**

Schedule 1

Southeast Regional College
Schedule of Operating Fund Revenues by Function
year ended June 30, 2001

	Administration	Programming						
	General Revenue	Community & Individual Development	Adult Basic Education	Vocational Technical	University Credit	Student Services	2001	2000
	$	$	$	$	$	$	$	$
Post-Secondary Education and Skills Training								
Admin Recovery	28,400		15,750	72,440			116,590	101,285
Base Grant	1,626,180						1,626,180	1,429,732
Program Payments			473,574	580,154		30,000	1,083,728	1,211,536
Other	11,908	3,082	135,721	549,717		102,321	802,749	815,144
	1,666,488	3,082	625,045	1,202,311		132,321	3,629,247	3,557,697
Federal Government								
Seat Purchases								
Projects								62,136
Other	15,168						15,168	45,031
	15,168						15,168	107,167
Other								
Admin Recovery								
Contracts		15,117	6,120	289,103		12,738	323,078	302,893
Interest	131,307						131,307	100,505
Rents	6,514						6,514	5,735
Resale Items	261	101,834	200	51,585	34,365	60	188,305	203,078
Tuition		480,907	63,024	567,142	204,330		1,315,403	1,236,819
Other	1,264						1,264	6,891
	139,346	597,858	69,344	907,830	238,695	12,798	1,965,871	1,855,921
Total Revenue	1,821,002	600,940	694,389	2,110,141	238,695	145,119	5,610,286	5,520,785
Total Expense (Schedule 2)	1,338,875	883,588	662,082	2,108,800	315,267	231,497	5,540,109	5,394,124
Excess/(Deficiency) of of Revenue over Expenses	482,127	(282,648)	32,307	1,341	(76,572)	(86,378)	70,177	126,661

The accompanying notes form an integral part of these financial statements.

EPR

Schedule 2

Southeast Regional College
Schedule of Operating Fund Expenses by Function
for the year ended June 30, 2001

	General Administration			Programming					2001	2000
	Board	Admin	Organization	Community & Individual Development	Adult Basic Education	Vocational Technical	University Credit	Student Services		
	$	$	$	$	$	$	$	$	$	$
Contractual/Professional Services	5,086	129,749	2,148	219,210	90,648	1,251,242	195,005		1,893,088	1,984,999
Rentals	318			48,187	62,504	136,782	8,705	6,931	263,427	268,383
Repairs & Maintenance		7,072		25,250		349			32,671	18,351
Operating (Schedule 3)	36,439	226,128	42,304	231,283	92,772	227,075	65,871	39,196	961,068	816,190
Personal Services	25,445	552,129	312,057	359,658	416,158	493,352	45,686	185,370	2,389,855	2,306,201
	67,288	915,078	356,509	883,588	662,082	2,108,800	315,267	231,497	5,540,109	5,394,124

The accompanying notes form an integral part of these financial statements.

Schedule 3

Southeast Regional College
Schedule of Operating Expenses
for the year ended June 30, 2001

	2001	2000
	$	$
Operating Expenses		
Advertising	159,160	90,617
Association Fees and Dues	11,080	9,970
Bad Debt Expense	22,162	
Bank Changes and Interest	1,643	2,218
Computer Software	27,852	7,974
Conference and Training Fees	5,033	4,528
Insurance	5,829	6,758
Materials and Supplies	118,865	110,658
Postal, Freight, and Courier	16,325	20,526
Printing and Duplicating	42,565	29,138
Resale Items	192,470	181,363
Small Equipment	12,383	27,442
Student Allowances		20,076
Subscriptions	4,165	3,461
Telephone and Fax	103,418	94,188
Travel	216,082	188,512
Utilities	14,541	11,127
Other	7,495	7,634
	961,068	816,190

The accompanying notes form an integral part of these financial statements.

EPR

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the University of Regina as at April 30, 2001 and the statements of operations and changes in fund balances and cash flows for the year then ended. The University's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the University as at April 30, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred Wendel, CMA, CA
Acting Provincial Auditor

Regina, Saskatchewan
August 31, 2001

University of Regina

Statement 1

Statement of Financial Position
As at April 30, 2001
With comparative figures for April 30, 2000
(in thousands of dollars)

	General	Restricted	Endowment	Total 2001	Total 2000
Current Assets					
Cash (bank overdraft) (Note 4)	$ (7,052)	$ 10,886	$ -	$ 3,834	$ (3,651)
Accounts receivable (Note 8)	5,226	3,394	-	8,620	9,652
Inventories	2,138	-	-	2,138	2,222
Prepaid expenses	193	626	-	819	233
Short-term investments	3,634	-	-	3,634	-
	4,139	14,906	-	19,045	8,456
Long Term Assets					
Long-term investments	-	7,891	13,402	21,293	21,981
Accrued pension benefit asset (Note 10)	31,465	-	-	31,465	-
Capital assets (Note 5)	-	104,176	-	104,176	98,095
	$ 35,604	$ 126,973	$ 13,402	$ 175,979	$ 128,532
Current Liabilities					
Accounts payable and other accrued liabilities	$ 7,235	$ 1,294	$ -	$ 8,529	$ 7,134
Deferred income	2,033	266	-	2,299	1,762
Current portion of long-term debt (Note 6)	-	678	-	678	633
	9,268	2,238	-	11,506	9,529
Long Term Liabilities					
Long-term debt (Note 6)	200	11,051	-	11,251	11,929
Due to (from) other funds (Note 7)	260	(260)	-	-	-
Accrual for employee future benefits (Note 10)	1,445	-	-	1,445	358
	1,905	10,791	-	12,696	12,287
Fund Balances					
Externally restricted funds	-	17,963	13,402	31,365	30,747
Internally restricted funds (Note 12)	32,655	1,150	-	33,805	3,666
Invested in Capital Assets	-	94,831	-	94,831	82,419
Unrestricted funds	(8,224)	-	-	(8,224)	(10,116)
	24,431	113,944	13,402	151,777	106,716
Total Liabilities and Fund Balances	$ 35,604	$ 126,973	$ 13,402	$ 175,979	$ 128,532

On Behalf of the Board of Governors

Chair of the Board

Vice-President (Administration)

The accompanying notes are an integral part of these financial statements.

University of Regina

Statement 2

Statement of Operations and Changes in Fund Balances
For the Year Ended April 30, 2001
With comparative figures for 2000
(in thousands of dollars)

	General	Restricted	Endowment	Total 2001	Total 2000
Revenues					
Government grants and contracts					
Government of Canada	$ 733	$ 7,792	$ -	$ 8,525	$ 5,601
Department of Post-Secondary Education & Skills Training	52,396	12,284	-	64,680	56,174
Other	820	3,710	-	4,530	4,947
Student fees	26,838	165	-	27,003	24,412
Contributions, gifts, donations and bequests	145	1,498	574	2,217	2,573
Sales of services and products	12,895	576	-	13,471	13,557
Income from investments	435	79	33	547	2,731
Miscellaneous income	2,347	343	-	2,690	2,011
Income from operating leases (Note 15)	-	1,155	-	1,155	1,300
	96,609	27,602	607	124,818	113,306
Expenses					
Salaries					
Academic	32,039	386	-	32,425	30,415
Other	24,589	2,302	-	26,891	26,079
Employee benefits	9,682	184	-	9,866	6,698
Operational supplies and expenses	6,693	1,447	-	8,140	7,962
Travel	2,214	996	-	3,210	2,934
Cost of goods sold	3,107	-	-	3,107	3,767
Equipment, rental, maintenance & renovations	4,452	2,408	-	6,860	4,922
Utilities	4,534	43	-	4,577	4,468
Amortization of capital assets	398	9,261	-	9,659	8,691
Loss on disposal of capital assets	4	444	-	448	461
Scholarships, bursaries and prizes	3,021	2,255	3	5,279	5,850
Interest	458	648	-	1,106	1,167
Wascana Centre Authority levy	487	-	-	487	490
Bad debt expense	59	-	-	59	158
	91,737	20,374	3	112,114	104,062
Net revenues (expenses)	4,872	7,228	604	12,704	9,244
Interfund transfers (Note 13)	(5,321)	4,791	530	-	-
Net increase (decrease) in fund balances for year	(449)	12,019	1,134	12,704	9,244
Fund balances, beginning of year, as restated (Note 18)	24,880	101,925	12,268	139,073	97,472
Fund balances, end of year	$ 24,431	$ 113,944	$ 13,402	$ 151,777	$ 106,716

The accompanying notes are an integral part of these financial statements.

University of Regina

Statement 3

Statement of Cash Flows
For the Year Ended April 30, 2001
With comparative figures for 2000
(in thousands of dollars)

(in thousands of dollars)	General	Restricted	Endowment	Total 2001	Total 2000
Operating Activities					
Net revenues (expenses)	$ 4,872	$ 7,228	$ 604	$ 12,704	$ 9,244
Add back items not affecting cash:					
Amortization of capital assets	398	9,261	-	9,659	8,691
Unrealized (gains) losses on mutual funds	-	858	398	1,256	(2,112)
Loss on disposal of capital assets	4	444	-	448	461
Decrease (increase) in non-cash working capital	1,642	805	15	2,462	(1,356)
Decrease (increase) in accrued pension benefit	917	-	-	917	-
(Decrease) increase in long term accrual for early retirement	1,062	-	-	1,062	(361)
Cash generated by operating activities	8,895	18,596	1,017	28,508	14,567
Investing Activities					
Purchases of investments	(184,574)	(6,048)	(1,550)	(192,172)	(95,296)
Sales of investments	180,940	7,027	3	187,970	94,887
Purchases of assets:					
Buildings	(51)	(5,216)	-	(5,267)	(6,875)
Site improvements	(83)	(243)	-	(326)	(637)
Furnishings and equipment	(1,758)	(4,860)	-	(6,618)	(5,294)
Software	(8)	(55)	-	(63)	(38)
Library resources	(2,173)	-	-	(2,173)	(1,516)
Leasehold improvement	-	(1,741)	-	(1,741)	-
Sales of assets	-	-	-	-	-
Cash used in investing activities	(7,707)	(11,136)	(1,547)	(20,390)	(14,769)
Financing Activities					
Acquisition of long-term debt	-	-	-	-	40
Repayment of long-term debt	(85)	(548)	-	(633)	(1,553)
Acquisition of internal loans	(137)	137	-	-	-
Repayment of internal loans	(182)	182	-	-	-
Cash used in financing activities	(404)	(229)	-	(633)	(1,513)
Net change in cash (bank overdraft)	784	7,231	(530)	7,485	(1,715)
Interfund Adjustments	(1,565)	1,035	530	-	-
Cash (bank overdraft), beginning of year	(6,271)	2,620	-	(3,651)	(1,936)
Cash (bank overdraft), end of year	$ (7,052)	$ 10,886	$ -	$ 3,834	$ (3,651)

The accompanying notes are an integral part of these financial statements.

University of Regina

Statement 4

Statement of Operations and Changes in Fund Balances for the General Fund
For the Year Ended April 30, 2001
With comparative figures for 2000
(in thousands of dollars)

	Operating	Vacation Pay and Pension Accrual	Ancillary	Special Projects	Total 2001	Total 2000
Revenues						
Government grants and contracts						
Government of Canada	$ 438	$ -	$ -	$ 295	$ 733	$ 683
Department of Post-Secondary Education & Skills Training	51,108	-	-	1,288	52,396	50,640
Other	512	-	-	308	820	689
Student fees	26,622	-	-	216	26,838	24,369
Contributions, gifts, donations and bequests	59	-	-	86	145	394
Sales of services and products	4,611	-	7,420	864	12,895	12,763
Income from investments	302	-	133	-	435	152
Miscellaneous income	1,531	-	324	492	2,347	1,884
	85,183	-	7,877	3,549	96,609	91,574
Expenses						
Salaries						
Academic	31,425	-	-	614	32,039	30,323
Other	22,481	-	1,414	694	24,589	24,187
Employee benefits	8,484	960	175	63	9,682	6,567
Operational supplies and expenses	5,212	-	730	751	6,693	6,436
Travel	1,870	-	12	332	2,214	1,933
Cost of goods sold	-	-	3,107	-	3,107	3,767
Equipment, rental, maintenance & renovations	3,055	-	1,106	291	4,452	2,970
Utilities	4,421	-	105	8	4,534	4,427
Amortization of capital assets	-	-	398	-	398	391
Loss on disposal of capital assets	-	-	4	-	4	6
Scholarships, bursaries and prizes	2,706	-	3	312	3,021	2,719
Interest	6	-	452	-	458	456
Wascana Centre Authority levy	487	-	-	-	487	490
Bad debt expense	59	-	-	-	59	158
	80,206	960	7,506	3,065	91,737	84,830
Net revenues (expenses)	4,977	(960)	371	484	4,872	6,744
Interfund transfers (Note 13)	(4,468)	97	(81)	(869)	(5,321)	(3,121)
Net increase (decrease) in fund balances for year	509	(863)	290	(385)	(449)	3,623
Fund balances, beginning of year, as restated (Note 18)	(2,951)	30,355	(3,084)	560	24,880	(11,100)
Fund balances, end of year	$ (2,442)	$ 29,492	$ (2,794)	$ 175	$ 24,431	$ (7,477)

The accompanying notes are an integral part of these financial statements.

University of Regina

Statement 5

Statement of Operations and Changes in Fund Balances for the Restricted Funds
For the Year Ended April 30, 2001
With comparative figures for 2000

(in thousands of dollars)	Capital Asset	Research	Trust	Total 2001	Total 2000
Revenues					
Government grants and contracts					
Government of Canada	$ 2,625	$ 5,149	$ 18	$ 7,792	$ 4,918
Department of Post-Secondary Education & Skills Training	12,284			12,284	5,534
Other	1,692	1,941	77	3,710	4,258
Student fees	-	165	-	165	43
Contributions, gifts, donations and bequests	611	12	875	1,498	1,962
Sales of services and products	-	576	-	576	794
Income from investments	8	-	71	79	1,085
Miscellaneous income	-	263	80	343	127
Income from operating leases (Note 15)	1,155	-	-	1,155	1,300
	18,375	8,106	1,121	27,602	20,021
Expenses					
Salaries					
Academic	-	386	-	386	92
Other	84	2,019	199	2,302	1,892
Employee benefits	-	175	9	184	131
Operational supplies and expenses	63	1,225	159	1,447	1,526
Travel	-	996	-	996	1,001
Equipment, rental, maintenance & renovations	1,363	954	91	2,408	1,952
Utilities	3	40	-	43	41
Amortization of capital assets	9,261	-	-	9,261	8,300
Loss on disposal of capital assets	444	-	-	444	455
Scholarships, bursaries and prizes	-	1,071	1,184	2,255	3,131
Interest	640	-	8	648	711
	11,858	6,866	1,650	20,374	19,232
Net revenues (expenses)	6,517	1,240	(529)	7,228	789
Interfund transfers (Note 13)	5,895	(432)	(672)	4,791	2,924
Net increase (decrease) in fund balances for year	12,412	808	(1,201)	12,019	3,713
Fund balances, beginning of year	82,419	8,413	11,093	101,925	98,212
Fund balances, end of year	$ 94,831	$ 9,221	$ 9,892	$ 113,944	$ 101,925

The accompanying notes are an integral part of these financial statements.

University of Regina

Notes to the Financial Statements
For the Year Ended April 30, 2001
With comparative figures for 2000
(in thousands of dollars)

1. *Authority and Purpose*

The University of Regina became an autonomous institution on July 1, 1974 by an Act of the Saskatchewan Legislature. Its authority is *The University of Regina Act*, Chapter U-5, of the Province of Saskatchewan. The University is a registered charitable organization under the *Income Tax Act.*

The purpose of the University is the preservation, transmission, interpretation and enhancement of the cultural, scientific and artistic heritage of the human race, and the acquisition and expansion of new knowledge and understanding.

2. *Summary of Significant Accounting Policies*

These financial statements have been prepared in accordance with generally accepted accounting principles as set out by the Canadian Institute of Chartered Accountants (CICA).

(a) Fund Accounting

The University follows the restricted fund method of accounting for contributions. Under fund accounting, resources are classified for accounting and reporting purposes into funds in accordance with specified activities or objectives.

The Statement of Operations and Changes in Fund Balances shows the total revenues and expenses of the University, after elimination of interfund transactions with ancillaries and internal cost recoveries. The University has classified accounts with similar characteristics into major funds as follows:

i) **The General Fund** accounts for the University's program delivery, service and administrative activities. This fund reports unrestricted resources. The General Fund is further classified as Operating, Vacation and Pension Accrual Fund, Ancillary, and Special Projects.

- General – Operating Fund contains the academic, administrative and operational costs that are funded by tuition and related fees, government grants, investment and miscellaneous income, and sales of goods and services to external parties. As such, this Fund reports unrestricted resources and restricted resources earmarked for general operating purposes.

- General - Vacation and Pension Accrual Fund records the amount of unpaid vacation pay for academic and non-academic staff which will be funded from future revenues. It also records the accrued pension benefit asset or liability and the pension expense, other than the amount of the pension expense equal to employer contributions, which is recorded in the fund from which it is paid.

- General - Ancillary Fund is composed of Ancillary Enterprises that provide goods and services to the University community. They are composed of the Bookstore, College West Residence, Printing Services, Parking, Food Services, Language Institute Residence, Language Institute Food Services, automated teller machines, confectionery store, and coffee shop. Ancillary Enterprises operate on a fee-for-service basis and must be self-funding. Charges to other University funds are eliminated for financial statement purposes by removing them from Ancillary revenues and expenses.

- General - Special Projects Fund consists of a number of individual funds used to track operating projects' costs and recoveries. These projects involve consulting, training, time-limited projects, or other.

ii) **The Restricted Fund** reports only restricted resources that are to be used for specific purposes. The Restricted Fund is further classified as Capital Asset, Research, and Trust.

- Restricted -Capital Asset Fund consists of grants, gifts, interest and rental income used to acquire capital assets and repay long-term debt on certain capital assets.

- Restricted -Research Fund consists of grant and contract income and expenses specifically identified for research or related activities as restricted by granting agencies, research institutes and other public and private organizations.

- Restricted - Trust Fund consists of externally restricted resources that may be used in their entirety within the restrictions established by the provider of the funds. The bulk of these funds are restricted for the provision of scholarships or annual lectures.

iii) **The Endowment Fund** reports resources contributed for endowment. Restrictions placed on the fund by the original provider preclude the original fund balance from being spent.

(b) Use of Estimates

The preparation of financial information requires management to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of financial statements and reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

(c) Capital Assets

Purchased capital assets are recorded at cost. Donated assets are reported at fair market value when received by the University. The University capitalizes all assets costing more than $2 and all computer-related assets costing more than $.5, except library resources, which are capitalized regardless of cost. The University capitalizes upgrades to buildings and site improvements greater than $10, except for Ancillary Enterprises, which have all upgrades capitalized regardless of cost. Assets costing less than these thresholds are expensed in the year purchased.

Capitalized assets are amortized on a straight-line basis over their estimated useful lives as follows:

Buildings	- temporary	20 years
	- permanent	40 years
Site Improvements		10 to 40 years
Furnishings and equipment		3 to 30 years
Software		3 to 8 years
Library resources		10 years
Leasehold improvement		life of lease

Amortization of Ancillary assets is recorded in the General - Ancillary Fund. All other amortization is recorded in the Restricted - Capital Asset Fund.

An estimate for disposals or withdrawals of library holdings for superseded, poor condition, irrelevant, lost or stolen books is calculated at 1.05 percent of the net capitalized value of library holdings at the end of the preceding year.

Collections are not capitalized or amortized. All additions to collections are expensed in the year purchased.

The original land that was transferred to the University when it became a separate legal institution is reported on the statement of financial position at a nominal value of $1. This land includes 20 acres at the College Avenue Campus and 357 acres at the Main Campus. In 1989, the Main Campus was appraised by Crown Appraisals of Regina at four dollars per square foot for a total value of $62,204.

During the fiscal year 2000, the University transferred a parcel of land totaling 32.6 acres to SIFC to accommodate their new building. The value of this land is estimated at $8,500.

(d) Investments

i) Gains or losses on disposal are recorded in the year of disposal.

ii) Mutual funds are recorded at fair market value. Both realized and unrealized gains and losses are recognized as changes in the market values occur.

iii) Other investments are carried at cost.

(e) Inventories

Inventories are valued at the lower of cost and net realizable value which is principally determined by the first in, first out method.

(f) Donations

Donations are recorded as revenue in the fiscal period in which they are received. Gifts-in-Kind, including works of art, equipment, investments and library holdings are recorded at fair market value on the date of their donation.

(g) Pledges and bequests

Pledges and bequests are recorded as contributions in the period when pledged or bequeathed if the amounts to be received can be reasonably estimated and if collection is reasonably assured.

Pledges and bequests of $203 (2000 - $461) were not included in the financial statements because their ultimate collection cannot be reasonably assured.

(h) Revenue recognition

Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. All other externally restricted contributions are recognized as revenue of the appropriate restricted fund.

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions for endowment are recognized as revenue in the Endowment Fund.

Investment income earned on Endowment Fund resources is recorded in the appropriate fund, depending on the external restriction placed on that income. If it must become part of the endowment amount, it is recognized as revenue of the Endowment Fund. If it may be spent for a restricted purpose, it is recorded as revenue of that restricted fund. If there are no restrictions on the income, it is reported as income of the General Fund. Other investment income is recognized as revenue of the General Fund when earned.

3. Collections

a) Collection of Rare Books, Records and Papers

The University Library maintains a collection of rare books and runs of bound old magazines. The collection is increased either by purchases or donations, which are minimal. The University does not dispose of items in this collection.

The University of Regina Archives collects the official records of the University of Regina, and private papers in various disciplines. The University Archives currently does not purchase or sell any items. All records and papers are transferred or donated.

b) Art Collection

The MacKenzie Art Gallery manages part of the University's art collection as described in note 16 to these financial statements. The University also owns various works of art including paintings, banners, sculptures, and drawings. Additions to and disposals of this collection are few.

c) Collection of Geographical Maps

The University's map library is a reference library containing maps, air photos, atlases, globes and documents on cartography and land use. Most additions come in the form of donations from government and private individuals. It is also a depository for the National Topographic Survey, who sends new and revised maps to the library monthly. The map library does not sell any items in its collection.

4. Bank Overdraft

The University's revolving overdraft at the Canadian Imperial Bank of Commerce is secured by hypothecation of grant revenue.

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5. *Capital Assets*

	Cost		Accumulated Amortization		Net Book Value	
	2001	2000	2001	2000	2001	2000
Land	$ 58	$ 58	$ -	$ -	$ 58	$ 58
Buildings	109,170	109,040	45,735	42,789	63,435	66,251
Site Improvements	21,915	21,580	9,439	8,663	12,476	12,917
Furnishings & Equipment	36,995	29,310	21,814	21,652	15,181	7,658
Software	2,728	2,675	1,218	865	1,510	1,810
Library Resources	36,633	34,825	26,858	25,424	9,775	9,401
Leasehold Improvements	1,741	-	-	-	1,741	-
	$209,240	$197,488	$105,064	$99,393	$104,176	$98,095

At year-end, the University had $5,282 (2000 - $5,386) in building and site improvement upgrades that were in progress. These upgrades are capitalized but not amortized at year-end.

During the year, the University disposed of the following amounts of assets:

- Library Resources with an original cost of $366 (2000 – $353), in accordance with the policy described in note 2(c);
- Software with an original cost of $10 (2000 - $10);
- Buildings with an original cost of $579 (2000 - $1,178). The University made some major replacement upgrades;
- Furnishings and Equipment with an original cost of $3,481 (2000 - $1,798).

6. *Long-Term Debt*

Title of Issue	Interest Rate	Annual Repayment Terms	2001	2000
College West Residence Building Debenture, will be paid off Dec. 31, 2024, secured by building	7.25%	$ 155 principal & interest	$ 1,754	$ 1,780
Information Systems Management Building Mortgage, due Sept. 1, 2001, will be paid off Sept. 1, 2011, secured by land and building	6.97%	$ 945 principal & interest	7,015	7,461
Daycare Centre Long-Term Loan, due Jan. 1, 2004, will be paid off Jan 1, 2019	8.53%	$54 principal & interest	495	507
Riddell Centre Building Loan, due May 1, 2002, will be paid off May 1, 2011	6.29%	$309 principal & interest	2,465	2,614
Sasktel New Media Fund Inc distance learning loan	15% total	None	200	200
			11,929	12,562
Less Current Portion			(678)	(633)
			$11,251	$11,929

The interest and principal repayments for the next five years are:

	Interest	Principal
2001/02	$ 786	$ 678
2002/03	739	725
2003/04	688	778
2004/05	634	830
2005/06	576	888

7. Due To/From Other Funds

Purpose and Funds Involved	Interest Rate	Annual Repayment Terms	2001	2000
DEC network loan from Restricted - Capital Asset to General - Operating, will be paid off April 30, 2003	6.00%	$211 blended principal and interest each year, paid monthly	397	579
SCT software loan from Restricted - Trust to Restricted - Capital Asset, will be paid off April 30, 2001	6.25%	$ 100 principal, interest paid once per year	-	100
Restricted - Trust holds the assets to pay the pensions under the Supplementary Executive Retirement Plan recorded in General - Vacation and Pension Accrual	n/a	As pensions are paid, this amount will be reduced	137	-

8. Accounts Receivable

Accounts receivable are composed of the following:

	2001	2000
Accounts receivable	$ 7,720	$ 8,530
Loans receivable	42	43
Pledges receivable	1,330	1,534
Less Allowance for doubtful accounts	(472)	(455)
Net receivables	$ 8,620	$ 9,652

9. Financial Instruments

a) Significant financial instruments, terms and conditions:

The University's significant financial instruments consist of accounts receivable, accounts payable, investments in mutual funds and bank indebtedness, including mortgages and line of credit. There are no significant terms and conditions related to financial instruments classified as current assets or current liabilities that may affect the amount, timing, or certainty of future cash flows. Significant terms and conditions for the long-term financial instruments are disclosed separately in these notes.

b) Market risk:

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. The University is exposed to market risk due to its investment in equity mutual funds. This risk is minimized by investing with a reputable company who maintains a diversified portfolio.

c) Interest rate risk:

Interest rate risk is the risk that future cash flows associated with a monetary financial instrument will fluctuate in amount due to changes in interest rates. The University is exposed to interest rate risk in its investment in money market and bond mutual funds and bank line of credit.

d) Credit risk:

Credit risk is the risk that the party owing the University money will fail to discharge that responsibility. The University is exposed to credit risk from the potential non-payment of accounts receivable and non-return of money invested in mutual funds. The maximum credit risk exposure is equal to the amounts disclosed on the Statement of Financial Position.

Approximately 7% (2000 - 13%) of the University's receivables are from students and employees. The credit risk from these is minimal as the University has various methods of recourse for collection such as withholding transcripts, certificates or degrees and payroll deduction.

Approximately 23% (2000 - 20%) of the University's receivables are from the three federated colleges on campus, which are related parties. See also note 16 to these financial statements.

The other 70% (2000 - 67%) of receivables are from the federal government, not-for-profit organizations, corporations and other universities.

The pledges receivable are from reputable corporations with a history of paying what they have pledged to the University.

The University minimizes credit risk related to mutual funds by investing with a reputable company.

e) Fair Value:

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

- The carrying amounts of these financial instruments approximate fair value due to their immediate or short-term nature:
  - cash
  - accounts receivable
  - accounts payable
- The fair value of investments is considered to approximate the disclosed market values.
- The fair values of mortgages as at April 30 are shown in the table below. These fair values are determined using discounted cash flow analysis based on current incremental borrowing rates for similar borrowing arrangements.

	2001	2000
College West Building	$ 1,716	$ 1,667
ISM Building	6,851	7,102
Daycare Centre	531	526
Riddell Centre	2,325	2,392

These values will fluctuate as market interest rates change.

10. *Employee Future Benefits*

a) Pensions

The University is responsible for the administration of four pension plans.

The Pension Plan for the Academic and Administrative Employees of the University of Regina (Academic Plan) is a defined benefit (DB) final average pension plan, combined with a defined contribution (DC) component. The DB component was closed to new members effective January 1, 2000.

During the year, two significant non-routine events occurred in the Academic Plan. The Board gave final approval on a DC component whereby active members were provided with an option to transfer their participation to the DC component as of January 1, 2000, including their DB accrual if they so desired. Also, the Academic Plan's post-retirement indexing provision was improved.

In January 2001, the Board approved in principle a Supplementary Executive Retirement Plan (SERP) and gave final approval May 22, 2001. This plan is a DB final average pension plan, combined with a DC component. The University's intention is to top up the pension allowed through the Academic Plan. The University is responsible for making benefit payments under the terms of the SERP as they become due and is not required to fund the obligation in advance. Included in the accrued pension benefit asset below is a liability of $15 relating to the unfunded SERP. The University has set aside cash in the Restricted - Trust Fund equal to the actuary's calculation of the accrued benefit liability added with the DC liability. This cash is still available to the University's creditors, and therefore is not used to compute the accrued benefit asset or liability.

The University of Regina Non-Academic Pension Plan is a DB final average pension plan.

Actuarial valuations are completed regularly as prescribed by statute. The University funds the plans based on the amounts recommended by the actuary with minimum amounts specified in accordance with the plans and in the collective bargaining agreements. The assets including any potential surplus in the plan are for the benefit of the members and their beneficiaries. There is no provision that allows for the withdrawal of surplus by the University.

In addition, the University is also responsible for the administration of a DC pension plan, the University of Regina Pension Plan for Eligible Part Time Employees. The University matches contributions to this pension fund and has no further liability for the pensions of its members.

The cost of defined benefit pensions is determined using the projected benefit method prorated on employment services, market interest rates, and management's best estimate of expected plan investment performance and salary escalation and a current market discount rate. This cost is expensed as the employees provide services. Past service costs arising from plan amendments and changes in assumptions are amortized on a straight-line basis over the estimated average remaining service lifetime of the employee group (Academic Plan – 11.7 years, Non-Academic Pension Plan – 15 years, SERP – 9.5 years). Experience gains and losses and gains or losses arising from plan curtailments and settlements are recognized in the year in which they occur. For purposes of calculating the expected return on plan assets, pension assets are valued at fair value.

The cost of DC benefits is expensed as earned by employees.

The status of all defined benefit pension plans is as follows:

Change in plan assets:	
Fair value of plan assets at beginning of year	$ 273,080
Employer contributions	2,612
Employee contributions	2,611
Curtailment – transfer to DC/excess transfer payments	(17,331)
Benefit payments	(15,391)
Expected return on plan assets	18,153
Experience gain (loss)	4,114
Fair value of plan assets at end of year	$ 267,848
Change in benefit obligations:	
Benefit obligation at beginning of year	$ (216,045)
Current service cost	(4,220)
Employee contributions	(2,611)
Interest on benefit obligations	(14,360)
Past service improvement cost	(4,147)
Curtailment – transfer to DC/excess transfer payments	17,331
Benefit payments	15,391
Experience gain (loss)	(4,070)
Net benefit obligation at end of year	$ (212,731)
Funded status:	
Plan assets in excess of benefit obligation	$ 55,117
Unamortized past service costs	3,504
Valuation allowance	(27,156)
Accrued pension benefit asset recognized in Statement of Financial Position	$ 31,465

Pension expense:	
Current service cost	$ 4,220
Interest on benefit obligations	14,360
Expected return on plan assets	(18,153)
Amortization of past service costs	643
Immediate recognition of remaining gains/losses	(44)
Increase (decrease) in valuation allowance	2,478
Defined benefit pension expense recognized in Statement of Operations and Changes in Fund Balances	$ 3,504
Defined contribution pension expense included in employee future benefits expense noted below	$ 325

Assumptions as at April 30:	
Discount rate	6.75%
Expected long-term rate of return on plan assets	7.00%
Inflation	4.00%
Salary increase, Academic Plan and SERP	4.00% to Jan/01, 5.00% after
Salary increase, Non-Academic Pension Plan	4.50%

b) Employee Future Benefits Other than Defined Benefit Pensions

The University accounts for the cost of all employee future benefits including defined contribution pension plans, severance payouts, early retirement top-ups, dental premiums, disability insurance, and other compensated absences on an accrual basis computed using a market-related discount rate.

The 2001 expense amount below includes $714 of special termination benefits as approved under article 19 of the

University of Regina Faculty Association Collective Agreement.

Information about the University's liability and expenses related to other employee future benefits are as follows:

	2001	2000
Accrued other employee future benefits, beginning of year	$ 768	$ 1,439
Employee future benefits expense	1,622	26
Employee future benefits paid	(695)	(697)
Accrued other employee future benefits, end of year	$ 1,695	$ 768

Expense comprised of:		
Current service cost	$ 1,388	$ 37
Interest on obligation	29	76
Changes in assumptions and experience gains and losses	205	(87)
	$ 1,622	$ 26

Assumptions as at April 30:		
Discount rate	7.00%	7.00%
Expected disability rate increase	7.00%	n/a

11. *Expenses by Function*

	2001	2000
Credit Instruction & Non-sponsored research	$46,186	$42,525
Non-Credit Instruction	4,654	4,588
Library	4,162	3,815
Computing	3,158	2,856
Admin and General	8,210	7,907
Physical Plant	10,040	8,330
Student Services	4,756	4,193
Ancillary	7,506	8,006
Special Projects	3,065	2,610
Capital	11,858	11,134
Research	6,866	5,666
Trust & Endowment	1,653	2,432
Total Expenses	$112,114	$ 104,062

12. *Internally Restricted Fund Balances*

Funds involved and policy:	2001	2000
General – Operating: Certain faculties and departments who underspend their budgets in one year may carry forward this amount and spend it in the following year.	$ 5,782	$ 5,163
General – Vacation Pay and Pension Accrual: Pension Accrual can only be used to benefit pension plan members, vacation accrual can only be used as vacation	29,492	-
General – Ancillary: Ancillary operations must be self-funding. Positive fund balances are used by ancillaries while negative fund balances must be recovered.	(2,794)	(3,084)
General – Special Projects: Positive fund balances must be used by the special project.	175	560
General Fund total	$ 32,655	$ 2,639
Restricted – Research: Certain research is sponsored by various faculties and departments within the University.	$ 1,150	$ 1,027
Restricted Fund total	$ 1,150	$ 1,027

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13. *Interfund Transfers*

Each year, the University transfers amounts between its funds for various purposes. These include funding capital asset purchases, and reassigning fund balances to support certain activities.

	General						Restricted					Endowment	
	Operating	Vacation/ Pension	Ancillary	Special Projects	2001 Total	2000 Total	Capital Asset	Research	Trust	2001 Total	2000 Total	2001 Total	2000 Total
Support for capital asset purchases	$ (3,741)	$ -	$ (2)	$ (48)	$ (3,791)	$ (3,151)	$ 9,180	$ (5,146)	$ (243)	$ 3,791	$ 3,151	$ -	$ -
Lease profit	11	-	-	-	11	140	(11)	-	-	(11)	(140)	-	-
Support for Ancillary over-contribution to Riddell Centre construction costs	-	-	-	-	-	600	-	-	-	-	(600)	-	-
Support for central computing assets	1,684	-	-	-	1,684	614	(1,684)	-	-	(1,684)	(614)	-	-
Special initiatives money to asset purchases/operating projects	542	-	-	(765)	(223)	-	223	-	-	223	-	-	-
Support for Research	(356)	-	-	-	(356)	-	(4,035)	4,391	-	356	-	-	-
Ancillary administration fee	207	-	(207)	-	-	-	-	-	-	-	-	-	-
Support for the construction of Journalism space	(832)	-	-	(141)	(973)	-	973	-	-	973	-	-	-
Support for the construction of 72kV substation	-	-	-	-	-	(239)	-	-	-	-	239	-	-
Support for future library renovations	(1,032)	-	-	-	(1,032)	-	1,032	-	-	1,032	-	-	-
Support for purchase of Physical Plant assets	-	-	-	-	-	(495)	-	-	-	-	495	-	-
Fund Conference Services deficit	(208)	-	208	-	-	-	-	-	-	-	-	-	-
Fund Supplementary Executive Retirement Plan	(97)	97	-	-	-	-	-	-	-	-	-	-	-
Utility recoveries to fund chillers	(60)	-	-	-	(60)	-	60	-	-	60	-	-	-
Move closed Trust balances to Endowment	-	-	-	-	-	-	-	-	(490)	(490)	-	490	-
Other miscellaneous transfers	(586)	-	(80)	85	(581)	(590)	157	323	61	541	393	40	197
	$ (4,468)	$ 97	$ (81)	$ (869)	$ (5,321)	$ (3,121)	$ 5,895	$ (432)	$ (672)	$ 4,791	$ 2,924	$ 530	$ 197

14. *Budget Versus Actual for 2001*

General - Operating Fund:

The University of Regina budgets for the change in the accumulated fund balance (deficit).

	Budget	Actual
Revenues	$ 80,810	$ 85,183
Expenses	(78,714)	(80,206)
Net revenues (expenses)	2,096	4,977
Interfund Transfers	(2,096)	(4,468)
Net increase (decrease) in fund balance for year	$ -	$ 509

The University's revenue budget of $80,810 is net of interfund transfers of $250 and internal operating recoveries of $3,902.

The University's expense budget of $78,714 is net of library acquisitions of $2,346, and internal operating recoveries of $3,902.

The Interfund transfer budget is comprised of the $250 excluded from the revenue budget, and library acquisitions of $2,346.

General - Ancillary Fund:

	Budget	Actual
Revenues	$ 9,016	$ 7,877
Expenses	(9,157)	(7,506)
Net revenues (expenses)	(141)	371
Interfund Transfers	-	(81)
Net increase (decrease) in fund balance for year	$ (141)	$ 290

General - Special Projects Fund:

The University expected no change in the fund balance. It expects revenues to be sufficient to cover expenses incurred. There was actually a decrease in fund balance during the year of $385.

Restricted - Capital Asset Fund:

The Restricted – Capital Asset Fund budget sets out expected government grant revenues from the Department of Post-Secondary Education & Skills Training of $5,533 for capital projects. The University actually received $12,284. The Restricted – Capital Asset Fund budget sets out expected interest earnings of $62. The University actually received $8. The University does not budget for expected income from operating leases, Government of Canada grants, other government grants and contracts or contributions, gifts, donations and bequests. Revenues from those sources totaled $6,083. Of that amount,

$4,928 are research grants, contracts and donations for the specific purpose of purchasing capital assets.

The University expected to spend $5,635 on capital asset purchases and rental, maintenance, renovations and Restricted – Capital Asset Fund related expenditures. Actual expenses (net of unbudgeted capital asset amortization of $9,261) totaled $2,597. The Restricted – Capital Asset Fund also purchased assets totaling $6,726 which were capitalized and not expensed.

The University does not budget for interfund transfers in the Restricted - Capital Asset Fund.

Restricted - Research Fund:

The University expected no change in the fund balance. There was actually an increase in fund balance during the year of $808. Research grants, contracts and donations totaling $4,928 are recorded as revenue in the Restricted – Capital Asset Fund as they are for the specific purpose of purchasing capital assets.

Restricted - Trust Fund:

The University expected no change in the fund balance. There was actually a decrease in fund balance during the year of $1,201.

Endowment Fund:

The University does not budget for the endowment fund since revenues are primarily dependent upon contributions, gifts, donations and bequests.

15. *Operating Leases*

The University currently leases out three buildings. The following table discloses information about these properties.

	ISM Building		2 Research Drive Building		Daycare Building	
	2001	2000	2001	2000	2001	2000
Capital cost	$ 8,980	$ 8,980	$ 1,107	$ 1,107	$ 577	$ 577
Accumulated amortization	2,245	2,021	161	134	100	86
Amortization expense	224	225	27	28	14	15
Outstanding debt	7,015	7,461	-	-	495	507
Principal & interest paid	945	945	-	1,005	54	54
Income from Operating Leases	984	1,160	117	86	54	54

16. *Related Party Transactions*

a) Government of Saskatchewan

The University receives a significant portion of its revenue from the Government of Saskatchewan and has a number of its Board of Governors members appointed by the Government of Saskatchewan. To the extent that the government exercises significant influence over the operations of the University, all Saskatchewan Crown agencies, such as corporations, boards and commissions, are considered related parties to the University.

Operating and capital grants received from the Department of Post-Secondary Education and Skills Training are disclosed separately in the Statement of Operations and Changes in Fund Balances.

The University currently leases land to the Saskatchewan Opportunities Corporation (SOCO). The lease is for 99 years at one dollar per year expiring on June 30, 2097. The land shall be used for and devoted to research and technology development activities.

The University leases approximately 7,000 square feet of space in the Petroleum Technology Research Centre (PTRC) Building from SOCO for one dollar per year plus its share of occupancy costs. The term of this lease is three years beginning December 1, 2000, with the option to renew for a further three years for a rent of $120 per year. This space is to be used for the business of conducting social science research and/or coordinating research related to climate change adaptation. In lieu of the first three years of rent at market rates, the University paid SOCO $400 for tenant improvements. This payment is being treated as prepaid rent which is amortized into expenses over the next 3 years beginning December 1, 2000.

The University also leases approximately 12,000 square feet of space in the PTRC Building from SOCO for $107 per year plus its share of occupancy costs. The term of this lease is 5 years beginning July 1, 2000, with the option to renew for a further 5 years. This space is to be used for the business of offices, laboratories or support areas associated with the institutional activities of the University.

Routine operating transactions with Government of Saskatchewan related parties are recorded at the standard or agreed rates charged by those organizations and are settled on normal trade terms. The larger of these expenditures are as follows:

	2001	2000
Sask. Power Corporation	$ 2,680	$ 2,467
Sask. Energy	96	69
Sask. Telecommunications	611	747
Sask. Property Management Corporation	286	169
University of Saskatchewan	143	182
Sask. Workers Compensation	110	122
Sask. Institute of Applied Science and Technology	33	77
Saskatchewan Opportunities Corporation	1,808	6
Saskatchewan Centre of the Arts	99	36

At year-end, the University had accounts payable to the above organizations totaling $278 (2000 - $253). The University had an account receivable from the University of Saskatchewan of $401 (2000 - $0) and an account receivable from SOCO totaling $253 (2000 - $0). Otherwise, the University had no significant receivables from these organizations at either year-end.

b) University of Regina Crown Foundation

The University is also related to the University of Regina Crown Foundation through representation on the Foundation's Board of Trustees. The Foundation is incorporated under *The Crown Foundation Act* pursuant to Order in Council 842/94 effective December 15, 1994. As an agent of the Crown in right of the province, donations to the Foundation qualify under the *Income Tax Act* for a tax credit in the case of individuals and for a deduction in the case of corporations.

The purpose of the Foundation is to receive gifts of real and personal property, including money, and to provide grants and transfers of real and personal property to the University for the purpose of supporting and promoting its education or research activities. It is currently not being used for this activity due to changes in income tax laws. As at the end of the year, the Foundation had no net assets.

c) Canadian Universities Reciprocal Insurance Exchange

The University of Regina is a member of the Canadian Universities Reciprocal Insurance Exchange (CURIE). CURIE pools the property damage and public liability insurance risks of its members. All members pay annual deposit premiums that are actuarially determined and are subject to further assessment in the event members' premiums and reserves are insufficient to cover losses and expenses. No additional assessment was necessary for the current year. As of December 31, 2000, CURIE had a surplus of $6,700 (1999 - $10,600). During the year, the University received a payment of $0 (2000 - $25) from CURIE.

d) MacKenzie Art Gallery Inc.

The Gallery is custodian of a collection of artwork that is the property of the University. The University provides funding to the Gallery, which can be reduced if the government grant to the University is reduced. The Gallery's Board contains two members appointed by the University. The University holds certain money in trust for the Gallery. Income earned on this money is, from time to time, paid to the Gallery to be used to purchase additional works of art to add to the Collection and for the cleaning and restoration of works comprised in the Collection. The University also provides other operating services to the Gallery such as audiovisual, printing, and payroll services. The Gallery reimburses the University for these services.

During the year, the University applied grant money of $405 (2000 - $395) against the Gallery's receivable and paid $3 (2000 - $4) to the Gallery. The Gallery paid the University $724 (2000 - $536) for services rendered.

At April 30, the University had an account receivable from the Gallery totaling $203 (2000 - $182).

Amounts payable to the Gallery were minimal at each year-end.

The Gallery has given the University money to invest on its behalf. At year-end, the balance of this investment, including accumulated interest totals $686 (2000 - $700). This amount is not included in the University's financial statements. The University does not charge the Gallery for this service.

e) Wascana Centre Authority

On April 1, 1962, the Wascana Centre Authority was constituted a body corporate under *The Wascana Centre Act*. The Government of Saskatchewan, the City of Regina and the University were named as participating parties. The University has a statutory obligation to the Authority for the cost of landscape construction and landscape maintenance performed on University owned land. Following is information regarding payments made to the Authority as prescribed by the Act.

	2001	2000
Maintenance – Authority Land	$286	$ 222
Maintenance – University Land	201	173
Other miscellaneous payments	100	191
	$587	$586

The University received grants of $209 (2000 - $228) from the Department of Post-Secondary Education and Skills Training to help fund the above payments to the Wascana Centre Authority.

f) Federated Colleges

Three colleges located on the main campus – Campion College, Luther College and the Saskatchewan Indian Federated College (SIFC) are federated with the University but are financially and administratively independent. Students interested in registering in a federated college must meet the general entrance requirements of the University of Regina. Courses offered by the University and the colleges are open to all students. The University's Board of Governors sets the tuition rates that must be paid by all students. Degrees are granted by the University when students have completed all requirements. The University has agreements with the three colleges that determine how student fees are shared.

SIFC has given the University money to invest on its behalf. At year-end, the balance of this investment, including accumulated interest totals $592 (2000 - $1,396) This amount is not included in the University's financial statements. The University does not charge SIFC for this service.

The following receipts and receivables resulted from the fee share agreements:

	2001	2000
Receipts from Campion College	$ 1,425	$ 719
Receipts from Luther College	1,293	1,207
Receipts from SIFC	-	-
	$ 2,718	$ 1,926

Receivable from Campion College at year end	$ 643	$ 590
Receivable from Luther College at year end	18	31
Receivable from SIFC at year end	666	457
	$ 1,327	$ 1,078

The University also provides other operating services to the colleges such as telephone, audio visual, library book purchasing, printing, and payroll services. The colleges reimburse the University for these services.

The following receipts and receivables resulted from these operating services:

	2001	2000
Receipts from Campion College	$ 445	$ 358
Receipts from Luther College	632	597
Receipts from SIFC	428	-
	$ 1,505	$ 955

	2001	2000
Receivable from Campion College at year end	$ 31	$ 29
Receivable from Luther College at year end	149	170
Receivable from SIFC at year end	242	427
	$ 422	$ 626

The University holds a number of trust funds on behalf of SIFC and Luther. The University also has other small agreements with the colleges. As a result of these, the University made payments to the colleges during the year as follows:

	2001	2000
Payments to Luther College	$ 163	$ 86
Payments to SIFC	1,080	1,147
Payments to Campion College	14	51

g) Petroleum Technology Research Centre

The Petroleum Technology Research Centre (PTRC) is a federally incorporated not-for-profit organization. Its founding participants include The University of Regina, The Saskatchewan Research Council (SRC), Natural Resources Canada (NRCan) and Saskatchewan Energy and Mines.

During the year, the University received $364 (2000 - $1,600) from the PTRC. The current year amount is to repay salary and benefits of the PTRC director and to fund research projects. The prior year amount of funding from the PTRC was for the acquisition of equipment to be placed in the PTRC building being constructed on campus. The University will own the equipment, which is to be used in the research and development activities associated with the PTRC.

The University also employs professors who carry out PTRC related research. These professors will remain employees of the University of Regina. The University has an agreement with NRCan whereby NRCan will reimburse the University for part of these professors' salaries and benefits. This reimbursement is recorded when received. The PTRC member who will be the recipient of the benefits of the research will be determined on a project by project basis.

It is not possible to quantify the University's contribution to the PTRC in the research areas.

h) Saskatchewan Population Health Evaluation and Research Unit

The University has signed a ten-year memorandum of understanding with the Saskatchewan Population Health Evaluation and Research Unit (SPHERU) whereby the University agrees to provide administrative and research support services to employees of SPHERU in return for an annual contribution of $80.

The University of Regina exercises significant influence over SPHERU by way of 25% of SPHERU's board of directors being comprised of members from the University who will be involved in the policy making process. SPHERU was established to increase Saskatchewan's overall health research capacity with an emphasis on population health and evaluation research.

SPHERU was incorporated under *The Not-for-Profit Corporations Act* on July 9, 2000. SPHERU expects to receive annual funding of $250 from Saskatchewan Health and $250 from Health Services Utilization Research Commission (HSURC).

17. *Commitments*

Prior to year-end, the University signed contracts totaling $9,355 for construction work on the fifth and sixth floors of the Education Building and for renovations to labs in the Classroom Building.

By April 30, 2001, the University had already spent $2,975 on the above projects, leaving $6,380 to be spent in subsequent fiscal years.

At April 30, 2001, the University also has commitments of $2,421 relating to research projects.

18. *Changes in Accounting Policy and Presentation*

a) Presentation

Certain numbers have been reclassified to conform with current year's presentation.

b) Policy

For its fiscal year ending April 30, 2001, the University adopted the Canadian Institute of Chartered Accountants' (CICA) new standards for accounting for Employee Future Benefits. Previously, pension expense equaled the amount of employer contributions.

Under the new standards, the University now records an accrued pension benefit or liability and amortizes experience gains and losses as part of pension expense.

The University applied this change retroactively, without restatement of prior periods. The effects of this change is as follows:

	General Fund	Total
April 30, 2000 closing fund balance	$ (7,477)	$ 106,716
Opening Accrued Pension Benefit Asset	32,357	32,357
May 1, 2000 restated fund balance beginning of year	$ 24,880	$ 139,073

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the consolidated statement of financial position of the University of Saskatchewan as at April 30, 2001, and the consolidated statements of operations and changes in fund balances, and cash flows for the year then ended. The University's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these consolidated financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the University as at April 30, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
August 3, 2001

Fred Wendel, CMA, CA
Acting Provincial Auditor

THE UNIVERSITY OF SASKATCHEWAN
Consolidated Statement of Financial Position
As at April 30, 2001
(thousands of dollars)

Statement 1

	General	Restricted	Endowment	Total	Total 2000 (restated) (Note 15)
Current Assets					
Cash and short-term investments (Note 3)	$ 32,617	$ 105,447	$ 27	$ 138,091	$ 96,299
Accounts receivable	16,540	4,572	63	21,175	23,186
Inventories	8,493	-	-	8,493	7,533
Prepaid expenses	826	-	-	826	852
Work in progress	-	3,092	-	3,092	9,377
	58,476	113,111	90	171,677	137,247
Long-term Assets					
Work in progress	-	53,594	-	53,594	17,776
Long-term investments (Note 4)	73,789	49,597	107,407	230,793	205,220
Investment in affiliated entities (Note 5)	31	-	-	31	286
Other assets	384	1,490	-	1,874	1,615
Accrued post-retirement benefits (Note 6)	58,898	-	-	58,898	-
Capital assets (Note 7)	-	301,063	-	301,063	278,142
	133,102	405,744	107,407	646,253	503,039
	$ 191,578	$ 518,855	$ 107,497	$ 817,930	$ 640,286
Current Liabilities					
Accounts payable and accrued liabilities	$ 21,063	$ 2,523	$ -	$ 23,586	$ 24,746
Accrued vacation pay and assisted early retirement benefits	11,573	41	-	11,614	10,889
Unearned fees and other deferred revenue	4,568	-	-	4,568	4,438
Current portion of provision for claims payable	1,204	-	-	1,204	1,951
Current portion of long-term debt	54	83	-	137	115
	38,462	2,647	-	41,109	42,139
Long-term Liabilities					
Long-term Disability Trust Fund - Provision for claims payable	6,762	-	-	6,762	8,483
Long-term debt (Note 8)	182	3,821	-	4,003	3,053
Accrual for assisted early retirement	8,529	-	-	8,529	11,267
Due to other funds	100	(100)	-	-	-
	15,573	3,721	-	19,294	22,803
Fund Balances					
Externally restricted funds	-	215,328	107,497	322,825	231,915
Internally restricted funds	86,616	-	-	86,616	30,536
Invested in capital assets	-	297,159	-	297,159	275,080
Unrestricted funds	50,927	-	-	50,927	37,813
	137,543	512,487	107,497	757,527	575,344
	$ 191,578	$ 518,855	$ 107,497	$ 817,930	$ 640,286

Approved by the Board of Governors

Chair, Board of Governors

Vice-President (Finance & Resources)

The accompanying notes form an integral part of these Financial Statements.

THE UNIVERSITY OF SASKATCHEWAN

Statement 2

Consolidated Statement of Operations and Changes in Fund Balances
For the Year Ended April 30, 2001
(thousands of dollars)

	General	Restricted	Endowment	Total	Total 2000 (restated) (Note 15)
Revenues					
Government grants and contracts					
Government of Canada	$ 3,218	$ 46,784	$ -	$ 50,002	$ 39,550
Government of Saskatchewan	168,479	75,330	-	243,809	198,070
Other	5,436	5,844	-	11,280	6,573
Student fees	57,768	-	-	57,768	52,808
Gifts, grants and bequests	16,736	19,566	2,958	39,260	40,741
Sales of services and products	73,521	154	-	73,675	71,222
Income from investments	10,860	15,042	48	25,950	15,390
Increase in accrued post-retirement benefits	19,196	-	-	19,196	-
Real estate income	384	89	-	473	480
Miscellaneous income	1,425	961	-	2,386	2,787
	357,023	163,770	3,006	523,799	427,621
Expenses					
Salaries	207,169	32,161	-	239,330	229,764
Employee benefits	20,413	2,730	-	23,143	25,238
Operational supplies and expenses	65,208	15,943	-	81,151	83,721
Travel	7,129	3,415	-	10,544	9,728
Cost of goods sold	14,891	-	-	14,891	15,196
Equipment rental, maintenance and renovations	13,153	1,233	-	14,386	13,316
Utilities	13,253	18	-	13,271	11,944
Amortization	-	25,378	-	25,378	22,894
Scholarships, bursaries and prizes	6,225	2,453	-	8,678	7,704
Interest	14	200	-	214	276
Meewasin Valley Authority levy	-	574	-	574	574
Bad debt expense	52	-	(2)	50	121
Internal cost recoveries (Note 13)	(49,350)	(263)	-	(49,613)	(54,382)
	298,157	83,842	(2)	381,997	366,094
Net revenues	58,866	79,928	3,008	141,802	61,527
Interfund transfers (Note 14)	(30,052)	24,771	5,281	-	-
Net increase in fund balances for year	28,814	104,699	8,289	141,802	61,527
Fund balances, beginning of year (Note 15)	108,729	407,788	99,208	615,725	513,817
Fund balances, end of year	$ 137,543	$ 512,487	$ 107,497	$ 757,527	$ 575,344

The accompanying notes form an integral part of these Financial Statements.

THE UNIVERSITY OF SASKATCHEWAN **Statement 3**
Consolidated Statement of Cash Flows
For the Year Ended April 30, 2001
(thousands of dollars)

	General	Restricted	Endowment	Total	Total 2000 (restated) (Note 15)
Operating Activities					
Net increase in fund balance for year	$ 28,814	$ 104,699	$ 8,289	$ 141,802	$ 61,527
Amortization of capital assets	-	25,378	-	25,378	22,894
Unrealized loss (gain) on investments	(898)	(4,149)	-	(5,047)	(830)
Increase in accrued post-retirement benefits	(19,196)	-	-	(19,196)	-
Total decrease (increase) in non-cash working capital	(571)	619	(2)	46	13,021
Cash generated from operating activities	8,149	126,547	8,287	142,983	96,612
Investing Activities					
Work in progress	-	(29,531)	-	(29,531)	(18,987)
Sale (purchase) of investments (net)	(9,449)	(2,623)	(8,453)	(20,525)	5,540
Investment in subsidiary companies	255	-	-	255	-
Purchase of capital assets and library holdings (net)	-	(48,299)	-	(48,299)	(37,801)
Cash from (used in) investing activities	(9,194)	(80,453)	(8,453)	(98,100)	(51,248)
Financing Activities					
Debt financing proceeds (repayments) (net)	91	859	-	950	(44)
Capital lease financing (repayments) proceeds (net)	-	-	-	-	(17)
Decrease in Assisted Early Retirement commitments	(2,736)	(4)	-	(2,740)	(2,933)
Decrease in other assets	(260)	-	-	(260)	(221)
Increase in long-term disability claims	(1,041)	-	-	(1,041)	463
Cash (used in) from financing activities	(3,946)	855	-	(3,091)	(2,752)
Net increase (decrease) in cash and short-term investments	(4,991)	46,949	(166)	41,792	42,612
Cash and short-term investments, beginning of year	37,608	58,498	193	96,299	53,687
Cash and short-term investments, end of year	$ 32,617	$ 105,447	$ 27	$ 138,091	$ 96,299

The accompanying notes form an integral part of these Financial Statements.

THE UNIVERSITY OF SASKATCHEWAN **Statement 4**
Consolidated Statement of Operations and Changes in Fund Balances - General Funds
For the Year Ended April 30, 2001
(thousands of dollars)

	Operating	Ancillary	Specific Purpose	Total
Revenues				
Government grants and contracts				
Government of Canada	$ -	$ -	$ 3,218	$ 3,218
Government of Saskatchewan	136,670	-	31,809	168,479
Other	3,372	-	2,064	5,436
Student fees	56,601	-	1,167	57,768
Gifts, grants and bequests	768	7	15,961	16,736
Sales of services and products	9,647	32,986	30,888	73,521
Income from investments	6,012	66	4,782	10,860
Increase in accrued post-retirement benefits	-	-	19,196	19,196
Real estate income	233	-	151	384
Miscellaneous income	440	-	985	1,425
	213,743	33,059	110,221	357,023
Expenses				
Salaries	144,982	5,887	56,300	207,169
Employee benefits	18,344	777	1,292	20,413
Operational supplies and expenses	43,230	2,695	19,283	65,208
Travel	2,387	37	4,705	7,129
Cost of goods sold	-	14,891	-	14,891
Equipment rental, maintenance and renovations	10,246	1,642	1,265	13,153
Utilities	7,887	5,152	214	13,253
Amortization	-	-	-	-
Scholarships, bursaries and prizes	2,504	-	3,721	6,225
Interest	-	-	14	14
Meewasin Valley Authority levy	-	-	-	-
Bad debt expense	52	-	-	52
Internal cost recoveries (Note 13)	(41,716)	-	(7,634)	(49,350)
	187,916	31,081	79,160	298,157
Net revenues	25,827	1,978	31,061	58,866
Interfund transfers (Note 14)	(17,962)	(4,883)	(7,207)	(30,052)
Net increase (decrease) in fund balances for year	7,865	(2,905)	23,854	28,814
Fund balances, beginning of year (Note 15)	(1,059)	6,115	103,673	108,729
Fund balances, end of year	$ 6,806	$ 3,210	$ 127,527	$ 137,543

The accompanying notes form an intergral part of these Financial Statements.

THE UNIVERSITY OF SASKATCHEWAN **Statement 5**

Consolidated Statement of Operations and Changes in Fund Balances - Restricted Funds
For the Year Ended April 30, 2001
(thousands of dollars)

	Capital	Research	Trust	Total
Revenues				
Government grants and contracts				
Government of Canada	$ -	$ 46,780	$ 4	$ 46,784
Government of Saskatchewan	43,766	31,564	-	75,330
Other	-	5,844	-	5,844
Student fees	-	-	-	-
Gifts, grants and bequests	-	16,193	3,373	19,566
Sales of services and products	-	154	-	154
Income from investments	1,833	1	13,208	15,042
Increase in accrued post-retirement benefits	-	-	-	-
Real estate income	-	-	89	89
Miscellaneous income	976	-	(15)	961
	46,575	100,536	16,659	163,770
Expenses				
Salaries	-	31,913	248	32,161
Employee benefits	-	2,710	20	2,730
Operational supplies and expenses	91	15,549	303	15,943
Travel	-	3,368	47	3,415
Cost of goods sold	-	-	-	-
Equipment rental, maintenance and renovations	-	1,213	20	1,233
Utilities	-	18	-	18
Amortization	25,378	-	-	25,378
Scholarships, bursaries and prizes	-	497	1,956	2,453
Interest	200	-	-	200
Meewasin Valley Authority levy	574	-	-	574
Bad debt expense	-	-	-	-
Internal cost recoveries (Note 13)	-	(257)	(6)	(263)
	26,243	55,011	2,588	83,842
Net revenues	20,332	45,525	14,071	79,928
Interfund transfers (Note 14)	74,064	(40,101)	(9,192)	24,771
Net increase in fund balances for year	94,396	5,424	4,879	104,699
Fund balances, beginning of year (Note 15)	322,663	33,974	51,151	407,788
Fund balances, end of year	$ 417,059	$ 39,398	$ 56,030	$ 512,487

The accompanying notes form an integral part of these Financial Statements.

THE UNIVERSITY OF SASKATCHEWAN
Consolidated Statement of Operations by College
All Funds
For the Year Ended April 30, 2001
(thousands of dollars)

Statement 6

	Agriculture	Arts & Science	Commerce	Dentistry	Education	Engineering	Graduate Studies & Research
Revenues							
University operating budget							
Original budget	$ 8,223	$ 36,168	$ 5,022	$ 4,168	$ 7,319	$ 8,936	$ 734
Budget revisions	84	324	38	22	60	84	11
Revised budget	8,307	36,492	5,060	4,190	7,379	9,020	745
Government grants and contracts							
Government of Canada	4,060	8,162	(1)	219	587	3,195	1,380
Province of Saskatchewan	6,848	480	-	104	14	828	5
Other	174	84	-	-	108	11	-
Student fees	129	748	769	46	51	381	-
Gifts, grants and bequests	6,816	1,821	143	14	397	1,731	695
Sales of services and products	2,841	1,102	403	1,109	506	683	40
Income from investments	3,126	990	437	43	168	706	134
Increase in accrued post-retirement benefits	-	-	-	-	-	-	-
Real estate income	2	-	-	-	-	-	-
Miscellaneous income	827	(9)	-	1	-	2	-
	33,130	49,870	6,811	5,726	9,210	16,447	2,999
Expenses							
Salaries	16,780	36,559	5,763	3,262	7,139	11,077	1,939
Employee benefits	2,187	4,135	672	369	810	1,204	82
Operational supplies and expenses	6,344	3,443	613	861	811	1,671	142
Travel	853	1,446	296	70	278	695	65
Cost of goods sold	-	-	-	-	-	-	-
Equipment rental, maintenance and renovations	1,139	218	16	22	37	112	12
Utilities	83	12	-	-	-	1	-
Amortization	-	-	-	-	-	-	-
Scholarships, bursaries and prizes	276	264	85	542	86	143	2,466
Interest	-	-	-	-	-	-	-
Meewasin Valley Authority levy	-	-	-	-	-	-	-
Bad debt expense	-	-	-	38	-	-	-
Internal cost recoveries (Note 13)	(1,686)	(705)	(369)	(1)	(298)	(281)	(10)
	27,964	45,372	7,075	5,163	8,863	14,622	4,696
Net revenues (expenses)	5,166	4,498	(264)	563	347	1,825	(1,697)
Interfund transfers (Note 14)	(5,433)	(1,784)	(963)	(524)	(219)	(1,353)	1,868
Net increase (decrease) in fund balances for year	(267)	2,714	(1,227)	39	128	472	171
Fund balances, beginning of year (Note 15)	55,394	18,101	6,803	692	4,383	13,814	3,312
Fund balances, end of year	$ 55,127	$ 20,815	$ 5,576	$ 731	$ 4,511	$ 14,286	$ 3,483

	Kinesiology	Law	Medicine	Nursing	Pharmacy & Nutrition	Veterinary Medicine	Extension
Revenues							
University operating budget							
Original budget	$ 2,310	$ 2,537	$ 17,399	$ 2,777	$ 2,471	$ 11,398	$ 6,500
Budget revisions	38	32	103	12	34	143	102
Revised budget	2,348	2,569	17,502	2,789	2,505	11,541	6,602
Government grants and contracts							
Government of Canada	98	123	5,521	139	208	1,131	-
Province of Saskatchewan	5	-	28,845	122	189	1,011	285
Other	-	-	113	-	-	1,642	-
Student fees	1,285	68	15	20	188	(20)	96
Gifts, grants and bequests	258	455	7,523	65	861	1,407	421
Sales of services and products	1,630	209	18,544	177	163	4,815	1,605
Income from investments	83	1,007	1,282	54	95	744	4
Increase in accrued post-retirement benefits	-	-	-	-	-	-	-
Real estate income	143	-	51	-	-	-	-
Miscellaneous income	-	14	(12)	-	-	-	1
	5,850	4,445	80,198	3,366	4,190	22,271	9,014
Expenses							
Salaries	3,627	2,620	61,434	2,884	2,418	12,726	5,427
Employee benefits	404	304	4,803	350	274	1,415	613
Operational supplies and expenses	1,047	274	11,004	197	485	5,314	2,708
Travel	577	222	2,499	79	89	487	725
Cost of goods sold	-	-	-	-	-	-	-
Equipment rental, maintenance and renovations	135	5	516	22	9	882	46
Utilities	-	-	14	-	-	37	12
Amortization	-	-	-	-	-	-	-
Scholarships, bursaries and prizes	97	104	695	25	39	186	4
Interest	-	-	-	-	-	-	-
Meewasin Valley Authority levy	-	-	-	-	-	-	-
Bad debt expense	-	-	(3)	-	-	15	-
Internal cost recoveries (Note 13)	(45)	(7)	(2,929)	(56)	(34)	(798)	(690)
	5,842	3,522	78,033	3,501	3,261	20,264	8,843
Net revenues (expenses)	8	923	2,165	(135)	929	2,007	171
Interfund transfers (Note 14)	97	(47)	1,738	(59)	(365)	(810)	(1,045)
Net increase (decrease) in fund balances for year	105	876	3,903	(194)	564	1,197	(874)
Fund balances, beginning of year (Note 15)	1,742	11,830	39,382	725	3,017	12,817	1,783
Fund balances, end of year	$ 1,847	$ 12,706	$ 43,285	$ 531	$ 3,581	$ 14,014	$ 909

	Interdisciplinary Units	Instructional & Research Support	Student Support Units	External Relations	Infrastructure	General	Total
Revenues							
University operating budget							
Original budget	$ 1,216	$ 22,887	$ 9,314	$ 1,362	$ 25,567	$ (176,308)	$ -
Budget revisions	143	2,108	752	54	598	(4,742)	-
Revised budget	1,359	24,995	10,066	1,416	26,165	(181,050)	-
Government grants and contracts							
Government of Canada	4,384	20,383	355	-	-	38	50,002
Province of Saskatchewan	2,872	19,165	649	-	43,766	138,919	243,809
Other	2,989	2,500	23	-	-	3,436	11,280
Student fees	11	5	250	-	-	53,735	57,768
Gifts, grants and bequests	6,398	2,492	1,208	1,343	-	5,110	39,260
Sales of services and products	182	8,018	21,154	242	5,760	5,711	73,875
Income from investments	98	1,267	2,773	181	1,833	10,815	25,950
Increase in accrued post-retirement benefits	-	-	-	-	-	19,196	19,196
Real estate income	-	18	20	-	-	239	473
Miscellaneous income	-	2	5	-	976	779	2,386
	18,293	76,876	36,503	3,182	78,500	56,928	523,799
Expenses							
Salaries	5,555	15,940	10,348	1,613	13,877	15,971	239,330
Employee benefits	641	2,743	1,256	203	1,892	(1,183)	23,143
Operational supplies and expenses	2,489	3,762	5,563	964	23,558	9,923	81,151
Travel	345	421	182	78	131	1,018	10,544
Cost of goods sold	-	4,524	10,367	-	-	-	14,891
Equipment rental, maintenance and renovations	103	599	2,416	11	7,242	1,055	14,386
Utilities	6	-	835	-	11,998	273	13,271
Amortization	-	-	-	-	25,378	-	25,378
Scholarships, bursaries and prizes	72	33	3,536	-	-	46	8,678
Interest	-	86	-	-	200	(72)	214
Meewasin Valley Authority levy	-	-	-	-	574	-	574
Bad debt expense	-	-	-	-	-	-	50
Internal cost recoveries (Note 13)	(379)	(2,490)	(3,727)	(761)	(31,294)	(3,051)	(49,613)
	8,832	25,618	30,784	2,108	53,654	23,980	381,997
Net revenues (expenses)	9,451	51,258	5,719	1,074	24,846	32,948	141,802
Interfund transfers (Note 14)	(4,416)	(46,767)	(2,149)	(2,226)	67,251	(2,794)	-
Net increase (decrease) in fund balances for year	5,035	4,491	3,570	(1,152)	92,097	30,154	141,802
Fund balances, beginning of year (Note 15)	4,672	23,700	26,882	3,218	325,830	57,628	615,725
Fund balances, end of year	$ 9,707	$ 28,191	$ 30,452	$ 2,066	$ 417,927	$ 87,782	$ 757,527

The accompanying notes form an integral part of these Financial Statements.

THE UNIVERSITY OF SASKATCHEWAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended April 30, 2001

(THOUSANDS OF DOLLARS)

1. Authority and Purpose

"The University of Saskatchewan" is a corporation operating under the authority of *The University of Saskatchewan Act, 1995*, Chapter U-6.1 of the Statutes of Saskatchewan. The primary role of the University is to provide post-secondary instruction and research in the humanities, sciences, social sciences, and other areas of human, intellectual, cultural, social and physical development. The University is a registered charity and is therefore exempt from the payment of income tax, pursuant to Section 149 of the *Income Tax Act*.

2. Summary of Significant Accounting Policies and Reporting Practices

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The following accounting policies and reporting practices are considered significant:

a) Basis of consolidation

The consolidated financial statements include the accounts of the following entities:

- University of Saskatchewan Technologies Inc., a wholly owned subsidiary of the University. The company's mission is to evaluate, protect and exploit University controlled intellectual property.
- Agricoll Research Investments Inc., a wholly owned subsidiary of the University. Through Agricoll, the University of Saskatchewan promotes and participates in research, education and technology transfer related to the agriculture industry.
- University of Saskatchewan Crown Foundation, a non-profit entity incorporated under the *Crown Foundation Act* of Saskatchewan. The Foundation was created for the purpose of receiving gifts of real and personal property and to provide transfers of property to the University of Saskatchewan.
- 621602 Saskatchewan Ltd., a wholly owned subsidiary of the University. The company participates in real estate investment activities.
- Canadian Prairie Feed Resource Centre Inc., a non-profit corporation whose sole member is the University of Saskatchewan. The objectives of the company include providing leadership for research, innovation, product development, and technology transfer in feed ingredient utilization.
- Prairie Swine Centre Inc., a non-profit corporation whose membership is restricted to the members of the Board of Governors of the University of Saskatchewan. The company is engaged in research, education and technology transfer related to pork production in Canada.
- Western Beef Development Centre Inc., a non-profit corporation whose membership is restricted to members of the Board of Governors of the University of Saskatchewan. The mandate of the company is to support the efficient and orderly economic advancement of the Western Canadian beef industry.
- Canadian Light Source Inc., a non-profit corporation whose sole member is the University of Saskatchewan. The company will provide access for the performance of basic and applied research with the aim of making scientific discoveries and advances, and developing these discoveries and advances for practical applications by industry.

- Pharmalytics Inc., a non-profit corporation whose sole member is the University of Saskatchewan. The company is engaged in research, development and education in pharmaceutical sciences.

b) Use of estimates

The preparation of financial information requires management to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

c) Fund accounting

The University follows the restricted fund method of accounting for contributions. Under fund accounting, resources are classified for accounting and reporting purposes into funds in accordance with specified activities or objectives.

The University has classified accounts with similar characteristics into major funds as follows:

i) General Funds are unrestricted and account for the University's program delivery, service and administrative activities. These funds are further classified as Operating, Ancillary and Specific Purpose.

Operating Funds account for the University's function of instruction, including academic support services, administrative services, plant maintenance and other operating activity.

Ancillary Funds provide goods and services to the University community, which are supplementary to the functions of instruction, research and service and are expected to operate on at least a break-even basis.

Specific Purpose Funds are designated for specific projects or purposes.

ii) Restricted Funds carry restrictions on the use of resources for particular defined purposes. These funds are further classified as Capital, Research and Trust.

Capital Funds account for the acquisition of capital assets, major renovations and improvements to capital assets.

Research Funds account for activities in support of research.

Trust Funds account for activities that have been stipulated by donors and contributors.

iii) Endowment Funds account for resources received with the stipulation that the original contribution not be spent. The fund also consists of a portion of the investment income earned on these funds that is required by donors and the Board of Governors to be added to the fund to offset the eroding effect of inflation.

d) Inventories

Inventories are valued at the lower of cost and net realizable value, which is determined by the first-in, first-out method, with the exception of feedlot cattle. Feedlot cattle are stated at market value.

e) Investments

Short-term investments are carried at the lower of cost and market value. Long-term investments consist primarily of pooled funds and are carried at market value.

f) Investment in affiliated entities

The University uses the equity method to account for profit-oriented affiliated entities in which the University exercises significant influence, but does not control. Under the equity method of accounting, the investment is initially recorded at cost and the carrying value of the investment is adjusted to recognize the University's proportionate share of the net earnings (losses) of the entity.

Non-profit affiliated entities in which the University exercises significant influence, but does not control, and all other investments are recorded at cost less any permanent decline in the value of the investment.

g) Employee benefit plans

The cost of defined benefit pensions earned by employees is actuarially determined using the projected benefit method prorated on services and management's best estimate of expected investment performance, salary escalation and retirement ages of employees, when future salary levels or cost escalation affect the amount of the benefit. The accumulated benefit method is used when future salary levels and cost escalation do not affect the amount of the employee future benefits. For purposes of calculating the expected return on plan assets, those assets are recorded at fair value. Actuarial gains and losses are recognized in the year they arise.

Employee future benefits other than pensions represent medical and dental care and life insurance commitments to certain employees and retirees, long- and short-term disability payments, severance and termination payments and compensated absences. The University accrues its obligations under these plans net of any plan assets.

h) Capital assets

Purchased capital assets are recorded at cost. The University reports donated capital assets at fair market value upon receipt. Amortization expense is reported in the Capital Fund. Capital assets, other than land, are amortized using the straight-line method over their estimated useful lives as follows:

Site improvements	20 years
Buildings	40 years
Computers	3 years
Equipment & furnishings	6 to 8 years
Library materials	10 years

Collections are not capitalized or amortized. All additions to collections are expensed in the year acquired.

i) Donations and pledges

Donations are recorded as revenue in the fiscal period in which they are received. Gifts-in-kind, including works of art, equipment, investments and library holdings are recorded at fair market value on the date of their donation.

Pledges made by donors to the University for donations to be received in future years are not recorded in the financial statements.

j) Revenue recognition

Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund when received. Other restricted revenue is recognized on the completed contract method.

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions for endowment are recognized as revenue in the Endowment Fund.

Investment income earned on Endowment Fund resources that must be spent on restricted activities is recognized as revenue of the appropriate restricted fund. Unrestricted investment income earned on Endowment Fund resources is recognized as revenue of the General Fund. Other investment income is recognized as revenue of the General Fund when earned.

k) Fair value

The fair values of cash and short-term investments, accounts receivable, accounts payable and accrued liabilities, and accrued vacation pay approximate their carrying value due to the short-term nature of these assets and liabilities.

3. Cash and Short-term Investments

Short-term investments are generally for less than 90 days, and have an average effective interest rate of 5.3 per cent.

4. Long-term Investments

	2001				2000
	Less than 5 years	5 to 10 years	More than 10 years	Total Fair Value	Total Fair Value
Bonds and debentures	$ 68,438	$ 21,574	$ 9,979	$ 99,991	$ 94,067
Equities					
Canadian	2,235	-	51,961	54,196	50,126
Foreign	-	-	69,362	69,362	45,653
Other investments	7,244	-	-	7,244	15,374
	$ 77,917	$ 21,574	$ 131,302	$ 230,793	$ 205,220
Market yield	5.0 - 17%	5.5 - 14%	6.8 - 11.3%		

Investments are placed with government guaranteed securities and well capitalized, high quality financial institutions. By policy, the University limits the amount of credit risk exposure in any one type of investment instrument.

5. Investment in Affiliated Entities

	2001	2000
Investment accounted on the equity basis:		
MRV Systems Inc.	$ -	$ -
Investments recorded on the cost basis:		
Saskatchewan Food Industry Development Centre Inc.	-	-
Saskatchewan Population Health and Evaluation Research Unit	-	-
Prairie Diagnostic Services Inc.	-	-
Biostar Inc.	-	-
Alviva Biopharmaceuticals Inc.	1	1
On Target Electronic Design Inc.	5	-
CanEd International Inc.	-	-
Ceapro Inc.	25	25
Ag-Spec Analytical Services Ltd.	-	260
Pharmaderm Laboratories Inc.	-	-
GlobalEd Multimedia Technologies Inc.	-	-
	$ 31	$ 286

Investments, which have a nominal value, are shown with a nil cost.

6. Accrued Post-Retirement Benefits

The University sponsors both defined benefit and defined contribution pension plans. The University and employees contribute in equal amounts to the defined contribution plans. The defined benefit plans are funded by employee contributions as a percentage of salary and by the University to support the actuarial based pension benefits. The defined pension benefits are based on an average of employees' career earnings.

The total expense for the University's defined contribution plans for the year is $5,525.

Aggregate information about the University defined benefits plans is in the table below. The information provided does not encompass all benefit plans in the University, but only those plans for which an actuarial liability exists.

a) Funded status of plans

	2001	
	Pension Plans	Other Benefit Plans
Plan assets		
Fair value at beginning of year	$ 505,572	$ 24,844
Actual return on plan assets	57,196	2,958
Employer contributions	3,658	2,062
Employees' contributions	3,658	-
Benefits paid	(36,399)	(990)
Plan expenses	-	(84)
Settlements	(29,717)	-
Fair value at end of year	503,968	28,790
Accrued benefit obligations		
Accrued benefit obligation at beginning of year	418,951	9,754
Current service cost	8,882	1,292
Interest cost	28,850	693
Benefits paid	(36,399)	(990)
Actuarial losses (gains)	18,599	(2,783)
Plan amendments	2,009	-
Settlement of obligations	(29,717)	-
Accrued benefit obligation at end of year	411,175	7,966
Accrued benefit asset (liability)	92,793	20,824
Valuation allowance and unamortized past service costs	(33,895)	-
Accrued benefit asset (liability), net of valuation allowance	$ 58,898	$ 20,824

b) Net benefit plan expense

	2001	
	Pension Plans	Other Benefit Plans
Current service cost, net of employee contributions	$ 5,224	$ 1,292
Interest cost	28,850	693
Expected return on plan assets	(36,827)	(2,157)
Immediate recognition of remaining gains/losses	(1,770)	(3,500)
Amortization of past service costs	53	-
Increase (decrease) in valuation allowance	(11,069)	-
Net benefit plan expense	$ (15,539)	$ (3,672)

c) Actuarial assumptions (weighted average as of April 30)

	2001	
	Pension Plans	Other Benefit Plans
Discount rate	6.6%	6.5%
Expected long-term rate of return on plan assets	7.5%	8.5%

7. Capital Assets

	2001			2000
	Cost	Accumulated Amortization	Net Book Value	Net Book Value (restated)
Land	$ 2,078	$ -	$ 2,078	$ 1,904
Buildings	381,934	162,178	219,756	208,354
Site improvements	22,423	11,668	10,755	10,601
Computers	57,693	48,044	9,649	9,124
Equipment and furnishings	118,376	90,970	27,406	18,939
Library materials	88,476	57,057	31,419	29,220
	$ 670,980	$ 369,917	$ 301,063	$ 278,142

8. Long-term Debt

		2001	2000 (restated)
a)	Canada Mortgage and Housing Corp. – 6.875% debentures due May 1, September 1, 2020	$ 2,616	$ 2,678
	These loans are repayable in equal semi-annual installments of $123 blended principal and interest and recovered in their entirety from the operating revenues of Ancillary Services		
b)	Loan payable to the Government of Saskatchewan - General Revenue Fund – 5.125% loan due June 1, 2015	346	362
	As part of the original arrangements for repayment of a loan to Canada Mortgage and Housing Corporation, it was agreed that $600 of the principal portion due would be recovered from the University of Saskatchewan by charges to the Ancillary operations of $33 per year.		
c)	Loan payable to Canadian Imperial Bank of Commerce – Prime plus 0.25%, payable with monthly principal payments of $0.6 plus interest.	49	56
d)	Mortgage payable to Canadian Imperial Bank of Commerce – During construction of farrow-to-finish research facility, and up to and including six months thereafter, interest only is payable on advances provided by the bank at the bank's prime lending rate. Thereafter, principal payments will commence based on a 15-year amortization.	941	-
	The mortgage advances are secured by a general security agreement pertaining to all personal property of Prairie Swine Centre Inc. and the provision of collateral mortgage security over all the Centre's real property.		
e)	Loan payable to Heartland Livestock Services – Prime plus 1.25%, payable in four annual installments of $36.	146	-
f)	Loan payable to West Central Sales Inc. – 7.9% loan, payable in annual installments of $11.	42	56
g)	Present value of future minimum capital lease payment	-	16
		4,140	3,168
	Less amounts payable within one year	(137)	(115)
		$ 4,003	$ 3,053

9. Commitments - Capital Fund

The estimated cost of contractual commitments to complete major capital projects in progress as at April 30, 2001 is approximately $36,059 (2000 - $31,773).

Subsequent to year-end, the University entered into an agreement with a developer to lease approximately 50 acres of land. In addition, the University has entered into an agreement with the City of Saskatoon obligating the University to pay offsite levies to the City estimated to be $2,662 as the land is developed and an additional $430 for infrastructure costs.

10. Gifts-in-kind and Donation Pledges

Gifts-in-kind in the amount of $2,295 were received and recorded in the year (2000 - $8,595). Gifts-in-kind consist of the following:

	2001	2000
Works of art	$ 284	$ 574
Equipment and furnishings	121	162
Investments	1,393	7,669
Library holdings	129	65
Other	368	125
	$ 2,295	$ 8,595

Donations pledged but not received as at April 30, 2001 totaled $3,857 (2000 - $3,470). These pledges are expected to be honored during the subsequent five-year period and will be recorded as revenue when received.

11. Collections

a) Collections of Artifacts, Archival Material and Rare Books

The University has acquired collections of artifacts, archival materials and rare books. These items have been accumulated largely as adjuncts to the University's research and teaching missions. Acquisitions are donated as well as purchased. The University rarely disposes of items from these collections.

The significant collections include the personal artifacts, papers, and library of the late John G. Diefenbaker, the official records of the University, papers of faculty and alumnae, originals and replicas of Ancient and Medieval artifacts, as well as old and rare material with a focus on Western Canada.

b) Art Collection

The Kenderdine Art Gallery administers the permanent art collection of the University. The collection includes works of art that provides a historic or artistic context for objects that are already in the collection as well as works that are of historic interest to the University or the Province of Saskatchewan. Proceeds from the sale of objects are used for the purchase of new acquisitions or the direct care of the collection.

During the year, 138 objects with an appraised value of $279 were donated. There were no purchases of objects during the year.

12. Operating Fund Expenses

A comparison of the budgeted Operating Fund expenses approved by the University's Board of Governors to the actual Operating Fund expenses is as follows:

	2001		2000
	Budget	Expenses	Expenses
Agriculture	$ 8,223	$ 8,381	$ 8,414
Arts and Science	36,168	36,828	35,351
Commerce	5,022	5,809	5,365
Dentistry	4,168	4,304	3,622
Education	7,320	7,321	7,239
Engineering	8,936	8,719	8,473
Graduate Studies	734	831	668
Kinesiology	2,310	2,415	2,580
Law	2,537	2,560	2,436
Medicine	17,399	16,793	16,018
Nursing	2,777	3,043	2,576
Pharmacy and Nutrition	2,471	2,082	2,221
Veterinary Medicine	11,398	11,015	10,767
Extension Division	6,500	6,767	5,117
Interdisciplinary Units	1,216	955	500
Instructional & Research Support	22,887	24,118	25,636
Student Services	9,314	8,728	8,877
External Relations	1,362	1,269	1,341
Infrastructure	25,567	25,566	24,454
General	24,001	17,933	14,626
Net expenses for internal reporting purposes	200,310	195,437	186,281
Reclassification of net expenses, included in College totals above as a recovery or expense, and restated for financial statement purposes:			
External cost recoveries restated as revenue	7,036	10,441	9,050
Interfund transfers eliminated for financial Statement purposes (Statement 4)	-	(17,962)	(17,748)
Expenses for financial statement purposes	$ 207,346	$ 187,916	$ 177,583

13. Internal Cost Recoveries

Sales and services provided by one part of the university to another part are recorded as internal cost recoveries. These recoveries are eliminated from the expense activity of the University as follows:

	2001			2000 (restated)
	Gross Expenses	Net Recovery	Net Expenses	Net Expenses
Salaries	$ 239,330	$ (92)	$ 239,238	$ 228,952
Employee benefits	23,143	(208)	22,935	25,058
Operational supplies and expenses	81,151	(39,967)	41,184	40,024
Travel	10,544	(72)	10,472	9,691
Cost of goods sold	14,891	(412)	14,479	14,388
Equipment rental, maintenance and renovations	14,386	(7,815)	6,571	5,435
Utilities	13,271	(1,001)	12,270	11,087
Amortization	25,378	-	25,378	22,894
Scholarships, bursaries and prizes	8,678	(46)	8,632	7,595
Interest	214	-	214	276
Meewasin Valley Authority levy	574	-	574	574
Bad debt expense	50	-	50	120
Internal cost recoveries	(49,613)	49,613	-	-
	$ 381,997	$ -	$ 381,997	$ 366,094

14. Interfund Transfers

During 2000/01, the University transferred the following to the Capital Fund to fund the acquisition of assets: $11,891 from Operating, $4,765 from Ancillary, $8,447 from Specific Purpose, $2,759 from Trust, $6 from Endowment and $46,196 from Research.

In addition, the following transfers occurred between funds to properly reflect activity according to the various fund definitions: $5,278 was transferred from Operating to Specific Purpose, $1,066 was transferred from Operating to Research, $163 was transferred from Ancillary to Operating, $45 was transferred from Specific Purpose to Ancillary, $533 was transferred from Specific Purpose to Endowment, $3,635 was transferred from Specific Purpose to Research, $110 was transferred from Trust to Operating, $175 was transferred from Trust to Specific Purpose, $4,767 was transferred from Trust to Endowment, $1,381 was transferred from Trust to Research, and $13 was transferred from Endowment to Research.

15. Change in Accounting Policies

a) Consolidation of affiliates entities

During the year, the University adopted a revised policy for accounting for affiliated non-profit corporations, which are effectively controlled by the University. Comparative figures for 2000 have been restated to include Canadian Prairie Feed Resources Centre Inc., Prairie Swine Centre Inc., Western Beef Development Centre Inc., Canadian Light Source Inc., and Pharmalytics Inc. in the consolidated financial statements with the following impact:

	2000
Fund balances, beginning of year, as previously reported	$ 509,081
Retroactive change in accounting policy	4,736
As restated	513,817
Net revenues, previously reported	61,222
Increase in net revenues	305
Fund balances, end of year	$ 575,344

b) Employee benefit plans

Effective May 1, 2000, the University retroactively adopted the new CICA accounting standard, Section 3461 – Employee Future Benefits. The impact of recognizing transitional assets and benefit obligations as determined in accordance with Section 3461, without restatement of comparative figures for 2000, follows:

	2001
Fund balances, beginning of year (from part a) above)	$ 575,344
Accrued post-retirement benefits, May 1, 2000	39,701
Reduction in provision for claims payable, May 1, 2000	680
Fund balances, beginning of year, restated	$ 615,725

16. Related Party Transactions

The University receives a significant portion of its revenue from the Government of Saskatchewan and has a number of its members to the Board of Governors appointed by the Government. To the extent that the Provincial Government exercises significant influence over the operations of the University, all Saskatchewan Crown agencies such as corporations, boards and commissions are considered related parties to the University.

Revenue received from the Government of Saskatchewan is disclosed separately in the Statement of Operations.

Routine expenses with these related parties are recorded at the standard or agreed rates charged by these organizations.

Transactions and the amounts outstanding at year-end are as follows:

	2001	2000
Sales of services and products – physicians' billings	$ 17,849	$ 16,913
Expenses		
Utilities	11,535	10,452
Other	11,090	11,077
Accounts receivable	3,390	5,651
Long-term investments	508	1,252
Accounts payable and accrued liabilities	1,096	898
Deferred revenue	753	1,169
Long-term debt	346	362

17. Comparative Figures

Certain of the prior year comparative figures have been reclassified to conform to the current year's presentation.

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Liquor and Gaming Authority as at March 31, 2002 and the statements of operations and retained earnings, and cash flows for the year then ended. The Authority's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
June 20, 2002

Fred Wendel, CMA, CA
Provincial Auditor

Statement 1

LIQUOR AND GAMING AUTHORITY
STATEMENT OF FINANCIAL POSITION
As at March 31

	2002 (000's)	2001 (000's)
ASSETS		
Current assets:		
Cash	$ 1,210	$ 1,765
Due from General Revenue Fund (Note 3)	34,236	13,867
Accounts receivable (Note 7)	24,850	20,382
Prepaid expenses	2,301	1,813
Inventories (Note 5)	14,300	14,593
	76,897	52,420
Capital assets (Note 6)	32,732	31,818
Deferred goods and services tax (Note 8)	381	557
	$ 110,010	$ 84,795
LIABILITIES AND RETAINED EARNINGS		
Current liabilities:		
Accounts payable	$ 10,811	$ 11,422
Payable to General Revenue Fund (Note 4)	66,297	46,012
Goods and Services Tax payable (Note 8)	4,948	2,484
Accrued pension liability (Note 9)	24,438	23,934
	106,494	83,852
Retained earnings (Statement 2)	3,516	943
	$ 110,010	$ 84,795

Commitments (Note 10)

(See accompanying notes to the financial statements)

Statement 2

LIQUOR AND GAMING AUTHORITY
STATEMENT OF OPERATIONS AND RETAINED EARNINGS
For the Year Ended March 31

	2002		2001
	Budget (000's) (Note 13)	Actual (000's) (Note 17)	Actual (000's)
Revenues:			
Liquor sales (Note 11)	$ 338,740	$ 347,557	$ 336,347
VLT	229,000	226,690	224,860
SIGA slot machine (Note 14)	64,275	67,348	64,208
Other income (Schedule 2)	4,517	3,311	7,405
	636,532	644,906	632,820
Direct expenses:			
Cost of liquor sales	174,903	184,329	176,161
VLT site commission	35,400	35,639	34,614
	210,303	219,968	210,775
Operating expenses (Schedule 1):			
VLT, liquor, and other gaming	68,770	64,142	57,478
SIGA slot machine	43,773	40,930	43,338
SIGA table and ancillary operation losses (Note 15)	1,022	1,583	2,227
	113,565	106,655	103,043
Net income for the year	$ 312,664	318,283	319,002
Retained earnings, beginning of year		943	698,153
		319,226	1,017,155
Transfer to General Revenue Fund (Note 4)		315,710	1,016,212
Retained earnings, end of year - to Statement 1		$ 3,516	$ 943

(See accompanying notes to the financial statements)

Statement 3

LIQUOR AND GAMING AUTHORITY
STATEMENT OF CASH FLOWS
For the Year Ended March 31

	2002 (000's)	2001 (000's)
Cash flows from operating activities:		
Cash receipts from customers	$ 640,302	$ 619,339
Interest received	136	4,153
Cash paid to suppliers and employees	(306,037)	(289,755)
Goods and services tax paid (Note 8)	(10,038)	(13,607)
	324,363	320,130
Cash flows from investing activities:		
Purchase of capital assets	(9,124)	(7,269)
Cash flows from financing activities:		
Cash deposited in General Revenue Fund (Note 4)	(295,425)	(339,000)
Net increase (decrease) in cash	19,814	(26,139)
Cash, beginning of year	15,632	41,771
Cash, end of year	$ 35,446	$ 15,632
Cash consists of:		
Cash	$ 1,210	$ 1,765
Due from General Revenue Fund	34,236	13,867
	$ 35,446	$ 15,632

(See accompanying notes to the financial statements)

LIQUOR AND GAMING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2002

1. Description of Business

The Liquor and Gaming Authority operates under the authority of *The Alcohol and Gaming Regulation Act*. The Authority's mandate is to support, develop and regulate the Saskatchewan liquor and gaming industries and to maximize public benefit through high quality services and products.

The Authority operates retail liquor stores and video lottery terminals. The Authority conducts and manages the megabingo program (discontinued effective June 2001) and the breakopen vending machine program in the province. It also owns and manages the slot machines at Saskatchewan Indian Gaming Authority's (SIGA) casinos. SIGA's slot machine revenue and expenses are included in these financial statements.

2. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The significant policies, which have been adopted, are described below.

(a) Revenue

Liquor Sales

Sales are recorded net of returns, container deposits, GST, Liquor Consumption Tax and discounts.

Licence Fees

The Authority charges liquor and gaming license fees which are recorded when the license is approved. Exhibition casino license fees levied are based on the net revenue generated by the exhibition casinos. The Authority records these fees as the exhibition casinos generate net revenue.

Video Lottery Terminals (VLT)

Revenue is recorded net of prize payouts.

SIGA Slot Machines

Revenue from casino slot machines are recorded net of prizes paid out and accruals for anticipated amounts to be paid out for progressive jackpots.

(b) VLT site commission

Establishments where VLTs are located are entitled to commission based on 15% of the VLT revenue earned. The commission is recorded as the VLT revenue is earned.

(c) Inventories

Inventories of wine, coolers, spirits and beer are valued at the lower of cost and net realizable value.

(d) Capital Assets

Capital assets are stated at cost less accumulated amortization. Assets are amortized commencing in the year which assets are placed in service using a straight-line basis at rates designed to allocate the cost of the capital assets over their estimated useful lives. Rates are as follows:

Buildings	2.5 - 5% per annum
Equipment	15 - 33% per annum
VLTs & Slots	20% per annum

Leasehold improvements are amortized over the term of the lease.

(e) Pension Expense

The cost of the pension benefits earned by employees who are members of the Authority's defined benefit plan, known as the Liquor Board Superannuation Plan, is determined using the projected benefit method prorated on service. The amount of the expense reflects management's best estimate of the plan's expected investment performance, salary escalation, mortality of members, terminations, the ages at which members will retire and ad hoc increases, based upon the Consumer Price Index, to be granted by the Lieutenant Governor in Council.

The discount rate used to determine the accrued benefit obligation was determined by reference to market interest rates at the measurement date on high-quality debt instruments with cash flows that match the timing and the amount of expected benefit payments. Pension plan assets are valued at fair value (market value) for the purposes of calculating the expected return on plan assets. The net actuarial gain (loss), transitional obligation resulting from adoption of new accounting rules in 2001, and plan amendments are amortized beginning in the year they arise over the expected average remaining service life of members of the defined benefit plan.

The Authority also has employees who are members of a defined contribution pension plan. Employee contributions are matched by the Authority and expensed in the period made.

(f) Grants

Grants are recognized when approved and eligibility criteria, if any, have been met.

3. Due from General Revenue Fund

Most of the Authority's bank accounts are included in the Consolidated Offset Bank Concentration (COBC) arrangement for the Government of Saskatchewan. During the year, the General Revenue Fund did not pay interest on the Authority's bank accounts.

4. Disposition of Retained Earnings

Subsection 175(5) of *The Alcohol and Gaming Regulation Act* (Act) allows the Authority to provide interest free advances to the Minister of Finance for deposit in the General Revenue Fund (GRF) until the Treasury Board determines the disposition of the Authority's retained earnings. Under subsection 175(1) of the Act, the Treasury Board may, at any time, direct that all or any portion of the Authority's retained earnings be transferred to the GRF. The Treasury Board has directed the Authority to transfer $315,710 (2001 - $1,016,212) to the GRF pursuant to subsection 175(1) of the Act. At March 31, amounts payable to the GRF were determined as follows:

	2002 (000's)	2001 (000's)
Payable to GRF at beginning of year	$ (46,012)	$ 631,200
Deposits during the year pursuant to Subsection 175(5)	295,425	339,000
Transfer to General Revenue Fund pursuant to Subsection 175(1)	(315,710)	(1,016,212)
Payable to GRF at end of year	$ (66,297)	$ (46,012)

5. Inventories

	2002 (000's)	2001 (000's)
Wines, coolers and spirits in stores	$ 6,654	$ 6,989
Wines, coolers and spirits in warehouse	6,934	6,990
Beer in stores	712	614
	$ 14,300	$ 14,593

6. Capital Assets

	2002			2001		
	Cost (000's)	Accumulated Amortization (000's)	Net Book Value (000's)	Cost (000's)	Accumulated Amortization (000's)	Net Book Value (000's)
Sites	$ 2,276	$ —	$ 2,276	$ 2,321	$ —	$ 2,321
Buildings	22,025	10,652	11,373	21,457	9,939	11,518
VLTs	33,850	33,244	606	34,137	33,460	677
Slots (see Note 14)	11,239	9,705	1,534	10,998	8,492	2,506
Furniture & equipment	27,139	14,049	13,090	23,644	11,645	11,999
Leasehold improvements	7,552	3,699	3,853	5,998	3,201	2,797
	$ 104,081	$ 71,349	$ 32,732	$ 98,555	$ 66,737	$ 31,818

7. Accounts receivable

	2002 (000's)	2001 (000's)
SIGA slot machine receivable	$ 19,481	$ 14,865
VLT receivable	4,062	3,971
Other	1,307	1,546
	$ 24,850	$ 20,382

8. Goods and Services Tax

The Authority is on the prescribed list of lottery corporations pursuant to Section 188 of the Federal *Excise Tax Act*. In lieu of collecting GST on VLT and slot revenue at the retail level, the Authority calculates and remits GST according to a formula prescribed by Canada Customs and Revenue Agency.

The formula requires the Authority to pay 14% on the purchase of taxable goods and services related to gaming programs and 7% on VLT site contractor commissions. One-half of the GST paid on gaming program capital assets is set up as a deferred tax and is amortized on a straight-line basis over the useful life of those capital assets.

The Authority also pays GST to the Canada Customs and Revenue Agency and claims input tax credits on all its liquor and other taxable purchases.

9. Pension Plan

The Authority sponsors a defined benefit plan and a defined contribution plan covering substantially all of its employees. The defined contribution plan is the Public Employees Pension Plan. During the year, the Authority paid to the defined contribution plan a total of $977,483 (2001 - $907,323) as matching contributions.

The Liquor Board Superannuation Commission administers the defined benefit plan, Liquor Board Superannuation Plan (Plan). This Plan has been closed to new members since 1977.

Aon Consulting Inc performed the valuation of the Plan as at December 31, 1999 and extrapolated the valuation to December 31, 2000 and December 31, 2001. The following significant assumptions were adopted in measuring the accrued benefit obligation:

	2002	2001
Expected long term rate of return on plan assets	6.25%	6.25%
Discount rate	6.25%	6.25%
Salary increases	3.00%	3.25%
Inflation	3.00%	3.25%
Ad hoc increases to pensions as % of Consumer Price Index	50%	50%
Expected Average Remaining Service Life	8.5 years	8.5 years

The accrued benefit obligation is based on a number of assumptions about future events including: discount rate, salary increases, inflation and ad hoc indexing. A 1% change in following assumptions has the following impact on the accrued benefit obligation:

Assumption	Impact (% of ending accrued benefit obligation)
Interest	10.9
Salary	1.0
Inflation	6.5

The Authority's pension expense is:

	2002 (000's)	2001 (000's)
Current service cost -- defined benefit plan	$ 355	$ 328
Current service cost –defined contribution plan	977	907
Interest cost	2,591	2,578
Expected return on pension plan assets	(897)	(861)
Amortization of net transitional obligation	535	535
Amortization of actuarial gains	(11)	(46)
Early retirement benefits	24	24
Net pension expense	$ 3,574	$3,465

Information about the Authority's defined benefit plan is as follows:

	2002 (000's)	2001 (000's)
Accrued benefit obligation		
Accrued benefit obligation, beginning of year	$42,368	$42,211
Current service cost – employer	355	328
Current service cost – employee	182	177
Interest cost	2,591	2,580
Benefits paid	(2,912)	(2,928)
Change in inflation assumption	(561)	---
Accrued benefit obligation, end of year	$42,023	$ 42,368
Plan assets		
Fair value of plan assets, beginning of year	$14,646	$ 14,176
Actual return on plan assets	43	1,252
Employer contributions	2,140	1,969
Employee contributions	182	177
Benefits paid	(2,912)	(2,928)
Fair value of plan assets, end of year	$ 14,099	$14,646
Funded status - Plan deficit	$27,924	$27,722
Unamortized transitional obligation	(3,479)	(4,015)
Unamortized net actuarial (losses)gains	(7)	227
Accrued pension liability	$24,438	$23,934

The plan deficit is not payable immediately. The total cash inflow is the amount of employee contributions and investment income expected to be received by the defined benefit plan and the total cash outflow is the amount required to pay all pension obligations. The forecast of cash outflows which exceed the cash inflows has been determined using the long-term assumptions noted above and are as follows:

	Net Cash Outflows (000's)
Next 5 years	$ 13,800
Next 10 years	$ 30,200
Next 30 years	$ 90,800

10. Lease Commitments

The Authority, as lessee, is committed under operating leases on leased premises with future minimum payments due as follows:

Year Ending March 31	2002 (000's)	2001 (000's)
2002	$ —	$ 2,571
2003	3,183	2,104
2004	3,034	1,936
2005	2,798	1,764
2006	2,472	1,438
2007	1,842	—
Subsequent years	4,574	5,641
Total	$ 17,903	$ 15,454

11. Liquor Sales

	2002 (000's)	2001 (000's)
Wine, coolers and spirits		
In stores:		
- To permittees	$ 33,015	$ 32,312
- To public	119,413	116,239
	152,428	148,551
To franchises:		
- To permittees	5,262	5,139
- To public	19,253	19,833
	24,515	24,972
	176,943	173,523
Beer		
- To permittees	119,126	116,023
- In stores	47,610	43,771
- To franchises	3,878	3,030
	170,614	162,824
Total	$ 347,557	$ 336,347

12. Fair Value

Cash, due from General Revenue Fund, payable to General Revenue Fund, accounts receivable, accounts payable, and GST payable are all short-term in nature and as such their fair values approximate their carrying values.

The accrued pension liability is long-term in nature and there is no market for settling these pension obligations. Therefore, the determination of the fair value of the pension liability is not practical.

13. 2002 Budget

These amounts represent the budget approved by Treasury Board.

14. Casino Operating Agreement with the Saskatchewan Indian Gaming Authority

On February 10, 1995, the Government of Saskatchewan made an agreement (Framework Agreement) with the Federation of Saskatchewan Indian Nations (FSIN), for the purpose of increasing economic and employment opportunities for Aboriginal peoples through casino development within the parameters of *The Criminal Code of Canada*.

To implement the above agreement, the Authority and the Saskatchewan Indian Gaming Authority (SIGA) made agreements for casino operations and slot machine management. The casino operating agreement requires SIGA to pay the net profits from slot machines to the Authority. The slot machine management agreement ensures the Authority recovers at least the cost of slot machines, the related computer system, and interest over 5 years. The net profits from the SIGA operated casinos flow through the Authority to the Government's General Revenue Fund (GRF). The Government retains a portion of those net profits in the GRF and appropriates the remaining net profits to the First Nations Fund (FNF), the Associated Entities Fund, now called the Community Initiatives Fund (CIF), and Community Development Corporations (CDCs) in accordance with *The Saskatchewan Gaming Corporation Act* and the 1995 Framework Agreement as amended.

15. SIGA Table Games and Ancillary Operations

Under the Casino Operating Agreement between SIGA and the Authority, SIGA is permitted to charge its losses from table games and ancillary operations as an expense of slot machine operations. During the year, SIGA charged the following losses as an expense of slot machine operations:

	2002 (000's)	2001 (000's)
Table games revenues	$ 6,785	$ 7,231
Table games expenditures	7,405	7,870
Net losses from table games	$ 620	$ 639
Ancillary operations revenues	$ 4,851	$ 4,808
Ancillary operations expenditures	5,814	6,396
Net losses from ancillary operations	$ 963	$ 1,588
Total losses expensed	$ 1,583	$ 2,227

16. Recovery from First Nations Fund

On June 20, 2000, the Authority announced the formation of a team to perform an investigation of financial management controls at SIGA. The mandate of the team was to investigate how SIGA used public money and SIGA's rules and procedures to safeguard and control public money.

The investigators found SIGA's governance and financial management practices were unacceptable resulting in improper use of public money. Specifically, the investigators found improper use of corporate debit and credit cards by the CEO, inadequate or no support for many payments, unauthorized salary advances, unreasonable travel and accommodation expenses, related party contracts in excess of fair market values, and contracts of indeterminable or questionable value.

In March 2001, the Authority determined SIGA's expenses totalling $2.3 million for the period from November 1997 to June 2000 were not reasonable. The Authority determined SIGA's unreasonable expenses totalled $2.1 million for the period from November 1997 to March 31, 2000 and $0.2 million for the period from April 1, 2000 to June 24, 2000. On March 12, 2001, the Authority informed SIGA about the Authority's final calculations of SIGA's unreasonable expenses. The unreasonable expenses resulted in lower net profit for the above periods.

In accordance with *The Saskatchewan Gaming Corporation* Act and the 1995 Framework Agreement, the net profits of SIGA are shared between the GRF, FNF, CIF, and CDCs (see Note 14). Had SIGA not incurred the unreasonable expenses higher net profits would have been available to the GRF, CIF, FNF, and CDCs. The GRF's, CIF's, and CDC's share of the higher net profits would have been $1.36M.

Under an Agreement dated December 1, 1995, between the Government and the FSIN, the FNF is responsible for any money that is rightfully due from SIGA. Accordingly, FNF owes the Government's GRF a total of $1.36 million for unreasonable expenses of SIGA.

The Government plans to recover $1.36 million from the future payments out of the GRF to FNF. Commencing with the fourth quarter of the year ending March 31, 2001, $169,908 per quarter for eight consecutive quarters will be withheld by the GRF from monies due to the FNF. Accordingly, the Authority has not recorded the recovery from FNF in these financial statements.

17. Segmented Information

The Authority operates in four segments - liquor, VLT, slots in SIGA casinos, and other gaming.

The liquor segment reflects the retailing and licensing of beverage alcohol activities within the province.

The VLT segment pertains to the operation of the VLT program under the authority of Section 207 of *The Criminal Code* and *The Alcohol and Gaming Regulation Act*.

The slots in SIGA casinos segment reflect the operations of slot machines in casinos run by SIGA (see Note 14 and 15).

The Other Gaming segment reflects the licensing and support of charitable and religious organizations that conduct and manage bingos, casinos, raffles and break-open ticket sales and the regulation and support of the horse racing industry. The Other Gaming segment also includes the breakopen vending machine program and the megabingo program. The breakopen vending machine program is a vending machine capable of dispensing a lottery ticket that may have a stipulated prize awarded when the paper covering of the ticket is removed. The megabingo program is an interlinked bingo game that can be played simultaneously at more than one bingo hall. The megabingo program was discontinued effective June 2001 and the costs of discontinuing the program were expensed during the year.

The following table shows key amounts by segment.

	SEGMENTS					
	2002 (000'S)					2001 (000'S)
	LIQUOR	VLT	SLOTS IN SIGA CASINOS	OTHER GAMING	TOTAL	TOTAL
Revenues	$ 347,557	$ 226,690	$ 67,348	$ —	$ 641,595	$ 625,415
Other Income	2,166	57	—	1,088	3,311	7,405
Total Revenues	349,723	226,747	67,348	1,088	644,906	632,820
Direct Expenses	184,329	35,639	—	—	219,968	210,775
Operating expenses	40,966	7,597	42,513	12,660	103,736	100,146
Goods and services tax	—	2,757	—	162	2,919	2,897
Total Expenses	225,295	45,993	42,513	12,822	326,623	313,818
Net income	124,428	180,754	24,835	(11,734)	318,283	319,002
Retained earnings, beginning of year	—	—	943	—	943	698,153
Transfer to General Revenue Fund	124,428	180,754	10,528	—	315,710	1,016,212
Retained earnings, end of year	$ —	$ —	$ 15,250	$ (11,734)	$ 3,516	$ 943
Capital expenditure	$ 8,690	$ 179	$ 225	$ 30	$ 9,124	$ 7,269
Amortization	$ 2,581	$ 479	$ 1,288	$ 4,116	$ 8,464	$ 7,246

18. Related Parties

These financial statements include transactions with related parties. The Authority is related to all Saskatchewan Crown agencies such as departments, corporations, boards and commissions under the common control of the Government of

Saskatchewan. Also, the Authority is related to non-Crown enterprises that the Government jointly controls or significantly influences.

Routine operating transactions with related parties are recorded at the standard rates charged by those organizations and are settled on normal trade terms. These transactions are as follows:

Category	2002 (000's)	2001 (000's)
Salaries, wages, and fringe benefits	$ 4,194	$ 3,765
Rent, utilities, and insurance	2,447	2,052
Customer service programs	1,116	—
Communications	400	413

In addition, the Authority pays Saskatchewan Provincial Sales Tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

The Authority collected the following amounts for the Department of Finance:

	2002 (000's)	2001 (000's)
Container deposits on domestic beer sales	$ 19,133	$ 18,435
Liquor Consumption Tax	11,998	12,411
Container deposits on all wine, coolers, spirits and imported beer products	4,767	4,590

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and the notes thereto.

19. Contingencies

As part of ongoing operations the Authority faces legal actions initiated by third parties. At year end there were actions outstanding against the Authority. The ultimate outcome for these actions is not yet determinable. Any payments arising from the resolution of these actions will be accounted for as an expense of the year in which settlement occurs.

20. Western Canada Lottery Corporation

The Saskatchewan Video Lottery Division of the Western Canada Lottery Corporation (WCLC) managed the video lottery terminals and central computer system on behalf of the Authority throughout the year. WCLC provided accounting, purchasing, cash disbursements, human resources, and technical services for the VLT program. WCLC also manages the slot machines and related computer system at the SIGA casinos for the Authority (Note 14).

21. Subsequent Event

On June 11, 2002, the Province and the FSIN made the 2002 Framework Agreement to replace the 1995 Framework Agreement. The 2002 Framework Agreement has a term of 25 years. As with the 1995 Gaming Framework Agreement, the Government retains a portion of SIGA's net profits in the GRF and appropriates the remaining profits to the First Nations Fund, Community Initiatives Fund and the Community Development Corporations. The 2002 Framework Agreement also provides for the establishment of a First Nations Trust, which is subject to legislative amendment to *The Saskatchewan Gaming Corporation Act*.

On June 11, 2002, the Authority and SIGA made the 2002 Casino Operating Agreement, which replaces the 1995 Casino Operating Agreement and amendments. The 2002 Casino Operating Agreement, a 25-year agreement, continues to set the terms and conditions under which SIGA carries on casino operations and slot machine management. The new agreement does not significantly alter the existing casino operating arrangement.

In addition, on June 11, 2002, the Authority and Saskatchewan Indian Gaming Licensing Inc. (SIGL) made an agreement that provides for the orderly transfer of regulatory functions from the Authority to SIGL for on reserve charitable gaming, including table games at SIGA casinos. This orderly transfer is subject to proven regulatory capacity at SIGL. This agreement also provides that the GRF will make, subject to appropriation, payments of $725,000 and $875,000 toward SIGL's operating costs for 2001/02 and 2002/03, respectively.

The 2002 Gaming Agreement also recognizes the possibility of a transfer of full jurisdiction over gaming on reserves to First Nations, if the Federal Government amends the Criminal Code of Canada or adopts new federal legislation in the area.

22. Comparative Figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

Schedule 1

LIQUOR AND GAMING AUTHORITY
SCHEDULE OF OPERATING EXPENSES
For the Year Ended March 31

	VLT, Liquor& Other Gaming		Slots in SIGA Casino*		Total	
	2002 (000's)	2001 (000's)	2002 (000's)	2001 (000's)	2002 (000's)	2001 (000's)
Salaries, wages and fringe benefits	$ 30,369	$ 28,444	$ 19,850	$ 18,515	$ 50,219	$ 46,959
Rent, utilities and insurance	4,715	4,368	5,298	4,931	10,013	9,299
Professional and contractual services	6,294	4,704	2,469	2,253	8,763	6,957
Capital asset amortization	7,176	5,733	1,288	1,513	8,464	7,246
Advertising, printing, and promotion	114	73	7,323	9,599	7,437	9,672
Goods and services tax	2,919	2,897	1,637	1,952	4,556	4,849
Grants	2,568	2,701	128	725	2,696	3,426
Stationery and supplies	1,282	1,235	1,156	1,511	2,438	2,746
Operations and maintenance	1,990	2,238	362	309	2,352	2,547
Travel and business	1,543	1,293	589	854	2,132	2,147
Customer service programs	1,365	205	—	—	1,365	205
Information technology	1,207	1,285	—	—	1,207	1,285
Communications	1,189	1,092	392	440	1,581	1,532
Debit/credit charges	638	554	—	—	638	554
Service charges and interest	446	336	57	71	503	407
Sundry	125	119	225	383	350	502
Honoraria and related expenses	92	117	156	282	248	399
Stock dispositions	110	84	—	—	110	84
SIGA table and ancillary operation losses	---	---	1,583	2,227	1,583	2,227
	$64,142	$57,478	$42,513	$45,565	$ 106,655	$ 103,043

* Represents operating costs of SIGA Casinos.

Schedule 2

LIQUOR AND GAMING AUTHORITY
SCHEDULE OF OTHER INCOME
For the Year Ended March 31

	2002 (000's)	2001 (000's)
License and other fees	$ 1,313	$ 1,384
Miscellaneous	930	834
Product displays	482	498
Permits	440	472
Interest (Note 3)	136	4,153
Mark-up collections at borders	10	64
	$ 3,311	$ 7,405

AUDITOR'S REPORT

To the Members of the Legislative Assembly
Province of Saskatchewan

We have audited the statement of financial position of the Municipal Financing Corporation of Saskatchewan as at December 31, 2001 and the statements of loss and reinvested earnings and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

EJC Dudley + Co.

Regina, Canada
January 24, 2002

E. J. C. Dudley & Co.
Chartered Accountants

MUNICIPAL FINANCING CORPORATION OF SASKATCHEWAN

STATEMENT OF FINANCIAL POSITION

As at December 31

	2001	2000
	(thousands of dollars)	
ASSETS		
Current Assets		
Cash and short term investments	$ 18,674	$ 46,128
Interest receivable	1,146	2,396
Municipal debentures receivable within one year	2,360	1,979
	22,180	50,503
Investments in municipal debentures (Note 3)	23,720	27,141
	$ 45,900	$ 77,644
LIABILITIES AND PROVINCE'S EQUITY		
Current Liabilities		
Interest payable and accrued liabilities	$ 1,189	$ 2,230
Debentures payable within one year	18,790	28,210
	19,979	30,440
Long term debentures payable (Note 5)	15,075	33,865
Province of Saskatchewan's Equity		
Reinvested earnings	10,846	13,339
	$ 45,900	$ 77,644

(See accompanying notes)

MUNICIPAL FINANCING CORPORATION OF SASKATCHEWAN

STATEMENT OF LOSS AND REINVESTED EARNINGS

For the Year Ended December 31

	2001	2000
	(thousands of dollars)	
Revenue		
Investment income - municipal debentures	$ 2,323	$ 2,807
Investment income - short term investments and cash balances	1,479	3,261
	3,802	6,068
Expenses		
Interest on long term debt	6,269	10,165
Administration	26	26
	6,295	10,191
Net (loss)	(2,493)	(4,123)
Reinvested earnings, beginning of year	13,339	17,462
Reinvested earnings, end of year	$ 10,846	$ 13,339

(See accompanying notes)

MUNICIPAL FINANCING CORPORATION OF SASKATCHEWAN

STATEMENT OF CASH FLOWS

For the Year Ended December 31

	2001	2000
	(thousands of dollars)	
Operating Activities		
Net (loss)	$ (2,493)	$ (4,123)
Net change in non-cash working capital balances related to operations:		
Decrease (increase) in interest receivable	1,250	(584)
(Decrease) in interest payable and accrued liabilities	(1,041)	(793)
Cash (used in) operating activities	(2,284)	(5,500)
Investing Activities		
Purchase of municipal debentures	(1,847)	(2,303)
Amortization of discounts and premiums	(3)	(3)
Proceeds from maturing municipal debentures	4,890	6,649
Cash provided by investing activities	3,040	4,343
Financing Activities		
Repayment of long term debt	(28,210)	(28,916)
Cash (used in) financing activities	(28,210)	(28,916)
Net (decrease) in cash during the year	(27,454)	(30,073)
Cash and short term investments, beginning of year	46,128	76,201
Cash and short term investments, end of year	$ 18,674	$ 46,128

(See accompanying notes)

Additional Information:

Interest received during 2001 was $5.2 million (2000 - $5.6 million)
Interest paid during 2001 was $7.3 million (2000 - $10.9 million)

MUNICIPAL FINANCING CORPORATION OF SASKATCHEWAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2001

1. Significant Accounting Policies

The Corporation's accounting policies are in accordance with Canadian generally accepted accounting principles. The following are considered to be significant:

Short term Investments

Short term investments are carried at cost.

Investments in Municipal Debentures

Investments in municipal debentures are carried at amortized cost. The Corporation often purchases debentures at a premium or discount where the interest rate yield required by the Corporation varies from the coupon interest rate offered by the local governments. Premiums and discounts in excess of $250 on the investment's purchase date are amortized to income using the straight-line method over the life of the investment. In this way, effective income derived from each debenture is adjusted to equal the Corporation's required yield for that debenture to its maturity.

Market Value of Short term Financial Instruments

For certain of the Corporation's financial instruments, the carrying amounts approximate fair value due to the immediate or short term maturity of these financial instruments. These short term financial instruments include cash and short term investments, interest receivable, municipal debentures receivable within one year, accounts payable and accrued liabilities, and debentures payable within one year.

2. Status of the Corporation

The Municipal Financing Corporation of Saskatchewan was established in 1969 pursuant to the provisions of **The Municipal Financing Corporation Act**. The Corporation's objective is to assist municipalities in financing their capital requirements.

The Corporation is a Provincial Crown corporation and is therefore not subject to Federal or Provincial income tax but is subject to Provincial corporation capital tax.

3. Investments in Municipal Debentures

The Corporation invests in fixed rate debentures issued by schools, hospitals, cities, towns, villages and rural municipalities throughout the Province of Saskatchewan. The Corporation's policy is to limit its purchase of debentures to no more than 50% of the total authorized borrowings of a capital project, except for water and sewer projects which can be up to 100% of the authorized borrowings. All issues of debentures purchased by the Corporation must be approved by the Saskatchewan Municipal Board.

MUNICIPAL FINANCING CORPORATION OF SASKATCHEWAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2001

3. Investments in Municipal Debentures (continued)

The Corporation has an investment in 55 (2000 - 59) debentures issued by 42 (2000 - 47) issuers with a weighted average yield of 7.59% (2000 - 8.50%) and maturity dates ranging from 2002 through 2019.

The carrying amount invested by issuer category is as follows:

	2001	2000
	(thousands of dollars)	
Cities	$ 15,927	$ 19,359
Hospitals	17	73
Rural Municipalities	125	-
Schools	1,984	2,615
Towns	6,835	5,828
Villages	1,192	1,245
	26,080	29,120
Receivable within one year	2,360	1,979
	$ 23,720	$ 27,141

The fair value of these debentures as determined by an independent appraiser is $28.5 million (2000 - $31.6 million). This fair value is determined by discounting the future contractual cash flows under current financial arrangements, which represent investment rates presently available to the Corporation for investments with similar terms and remaining maturity, less costs of settlement.

The Corporation's policy is to permit borrowers to redeem debentures prior to maturity. The redemption price is set at the face value of the debenture plus 50% of the difference between the face value of the debenture and its fair market value.

4. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies, boards and commissions related to the Corporation by virtue of common control by the Government of Saskatchewan. Routine operating transactions with related parties are settled at prevailing market prices under normal trade terms. These transactions and amounts outstanding at year end are as follows:

	2001	2000
	(thousands of dollars)	
Interest on long term debt	$ 5,947	$ 9,788
Administration expense	20	20

Other amounts due to related parties and the terms of settlement are described separately in the financial statements and the notes thereto.

MUNICIPAL FINANCING CORPORATION OF SASKATCHEWAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2001

5. Long term Debentures Payable

Maturity Date	Rate (%)	2001	2000
		(thousands of dollars)	
Roytor & Co.			
December 15, 2002	12.875	2,500	2,500
Province of Saskatchewan			
April 1, 2001*	13.660	-	6,175
May 1, 2001*	13.690	-	13,971
August 4, 2001*	15.310	-	8,064
February 1, 2002*	15.500	5,219	5,219
March 1, 2002*	16.100	1,571	1,571
April 1, 2002*	15.120	5,000	5,000
October 1, 2002*	14.160	4,500	4,500
March 1, 2003*	12.160	5,684	5,684
November 9, 2004*	12.960	9,391	9,391
		33,865	62,075
Repayment required within one year		18,790	28,210
Long term debentures payable		$ 15,075	$ 33,865

* Certain issues owing to the Province of Saskatchewan in the amount of $31.365 million (2000 - $59.575 million) are subject to redemption by the Province on six months notice. These debentures are also callable on 30 days prior notice at the option of the Corporation.

Principal payments due on long term debt for the next five years are as follows (in thousands of dollars):

2002 - $ 18,790
2003 - $ 5,684
2004 - $ 9,391
2005 - $ 0
2006 - $ 0

The fair value of long term debentures payable, before the repayment required within one year, is $37.7 million (2000 - $68.4 million) and is determined by discounting the future contractual cash flows under current financial arrangements, which represent borrowing rates presently available to the Corporation for debt with similar terms and remaining maturity, less costs of settlement.

MUNICIPAL FINANCING CORPORATION OF SASKATCHEWAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2001

6. Interest Rate Risk

The Corporation is exposed to interest rate risk due to the nature of its operations. Interest rate risk is created when the maturity dates of an entity's assets and liabilities are not precisely matched. The following table shows the matching of the Corporation's assets and liabilities:

Year of Maturity	Financial Assets	Financial Liabilities	Difference 2001	Difference 2000
		(thousands of dollars)		
2001	$ –	$ –	$ –	$ 20,063
2002	22,180	19,979	2,201	(14,319)
2003	2,605	5,684	(3,079)	(2,713)
2004	1,441	9,391	(7,950)	(8,139)
2005	2,023	–	2,023	1,823
2006	2,979	–	2,979	9,442
Thereafter	14,672	–	14,672	7,182
	$ 45,900	$ 35,054	$ 10,846	$ 13,339

The effective interest rates on the Corporation's assets and liabilities are as follows:

Cash and short term investments	2.45%
Investments in municipal debentures	7.59%
Debentures payable	13.84%

7. Commitments

Prior to December 31, 2001, the Corporation had approved the purchase of debentures from certain local governments of which $345 thousand were not purchased before year end.

8. Operations Budget

	Budget 2001
	($ 000's)
Revenue	
Investment income - municipal debentures	$ 2,500
Investment income – short term investments and cash balances	1,525
	4,025
Expenses	
Interest on long term debt	6,269
Administration	26
	6,295
Net loss	$ (2,270)

AUDITOR'S REPORT

To the Members of the Legislative Assembly,
Province of Saskatchewan

We have audited the balance sheet of **Saskatchewan Communications Network Corporation** as at March 31, 2002, and the statements of revenue, expenses and retained earnings and cash flow for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2002, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

May 07, 2002
Regina, Saskatchewan

Virtus Group LLP
Chartered Accountants

SASKATCHEWAN COMMUNICATIONS NETWORK CORPORATION

BALANCE SHEET
AS AT MARCH 31, 2002

	2002 $	2001 $
ASSETS		
Current Assets		
Cash and cash equivalents	1,311,044	1,225,016
Accounts receivable and accrued interest	154,604	164,426
Inventory and prepaid expenses	201,238	97,277
	1,666,886	1,486,719
Capital Assets (note 3)	1,003,631	604,472
	2,670,517	2,091,191
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	594,062	531,563
Funds under administration (**note 4**)	55,424	128,835
Unearned revenue	516,063	15,000
	1,165,549	675,398
EQUITY		
Equity in capital assets (**note 5**)	1,003,631	604,472
Appropriated retained earnings - capital reserve (**note 6**)	200,000	200,000
Un-appropriated retained earnings	301,337	611,321
	1,504,968	1,415,793
	2,670,517	2,091,191

Commitments (**note 7**)

SIGNED ON BEHALF OF THE BOARD

_______________________, Director

_______________________, Director

see accompanying Notes to the Financial Statements

SASKATCHEWAN COMMUNICATIONS NETWORK CORPORATION

STATEMENT OF REVENUE, EXPENSES AND RETAINED EARNINGS

FOR THE YEAR ENDED MARCH 31, 2002

	2002 $	2001 $
REVENUE		
Grant from the Government of Saskatchewan		
-General Revenue Fund	7,520,000	7,557,000
-Department of Education Grant	0	15,000
Data transmission over satellite	504,142	0
Satellite conferencing and channel rentals	228,691	82,384
Interest	44,465	94,355
Project administration	18,225	8,950
Miscellaneous	57,217	26,398
Transponder lease	0	177,779
	8,372,740	7,961,866
EXPENSES **(note 11)**		
Administration (**note 10**)	1,014,660	854,324
Program support	571,120	484,745
Program development and production costs	783,197	784,241
Program acquisition costs	2,009,081	1,906,358
Network distribution (**note 10**)	3,905,507	4,119,637
	8,283,565	8,149,305
EXCESS (DEFICIT) OF REVENUE OVER EXPENSES FOR THE YEAR	89,175	(187,439)
UNAPPROPRIATED RETAINED EARNINGS - BEGINNING OF YEAR	611,321	546,996
Allocation (to)/from equity in capital assets (**note 5**)	(399,159)	201,764
Appropriation (to)/from capital reserve (**note 6**)	0	50,000
UNAPPROPRIATED RETAINED EARNINGS - END OF YEAR	301,337	611,321

see accompanying Notes to the Financial Statements

SASKATCHEWAN COMMUNICATIONS NETWORK CORPORATION

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED MARCH 31, 2002

	2002 $	2001 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Grants received	7,520,000	7,557,000
Interest received	49,729	94,486
Fees received for goods and services	1,313,897	48,771
Net cash receipts (payments) for funds under administration	(73,413)	36,637
Cash payments to suppliers and employees	(7,719,334)	(7,653,985)
Cash flows from operating activities	1,090,879	82,909
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash payments for purchase of capital assets	(1,004,851)	(437,648)
Increase (decrease) in cash and cash equivalents	86,028	(354,739)
CASH AND CASH EQUIVALENTS- BEGINNING OF YEAR	1,225,016	1,579,755
CASH AND CASH EQUIVALENTS - END OF YEAR	1,311,044	1,225,016
Cash and cash equivalents consist of:		
Short-term investments	498,416	495,339
Bank balances	812,628	729,677
CASH AND CASH EQUIVALENTS - END OF YEAR	1,311,044	1,225,016

See accompanying Notes to the Financial Statements

SASKATCHEWAN COMMUNICATIONS NETWORK CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2002

1. STATUS OF CORPORATION

Saskatchewan Communications Advanced Network Authority (SCAN) was established by an order-in-council January 11, 1989 under the Crown Corporations Act, 1978. SCAN was continued as Saskatchewan Communications Network Corporation (SCN) under the Communications Network Corporation Act, 1990.

Through its interrelated networks, SCN provides the people of Saskatchewan with cost-effective educational, informational and cultural programming and training opportunities.

SCN's Broadcast Network began operations in 1991. Under licence from the Canadian Radio-television Telecommunications Commission (CRTC), the network delivers a variety of informational television programming that highlights the rich culture of the Saskatchewan region and Canada. *SCN's E-Learning Network* uses a variety of technologies to deliver credit classes to Saskatchewan communities and is available to organizations for satellite conferencing and professional development opportunities. *SCN's Technology Services* uses satellite technology to deliver SCN's interrelated networks; to provide high speed Internet access to rural and remote communities for the provincial government's Community Net project; and broadcast the proceedings of the Saskatchewan Legislature throughout the province.

2. SIGNIFICANT ACCOUNTING POLICIES

a) *Inventory*

Inventory, consisting of blank video tapes, is recorded at the lower of cost, determined on a first-in, first-out basis, and net realizable value. Inventory, consisting of receiver's satellite antennae and routers, is recorded at the lower of cost, determined on a weighted average, and net realizable value.

b) *Capital assets*

Capital assets are recorded at cost less accumulated depreciation. Depreciation is calculated as follows:

Office equipment, furniture and uplink development	Declining Balance	30%
Computer hardware, TVs, satellite dishes and receivers	Declining Balance	40%
Fax machines and audio conferencing units	Declining Balance	50%
Computer software	Declining Balance	60%
Network alignment, data transmission equipment	Straight Line	3 years
Scheduling computer software, network configuration	Straight Line	5 years
Office renovations & upgrades	Straight Line	6 years
Digital video compression equipment	Straight Line	7 years

SASKATCHEWAN COMMUNICATIONS NETWORK CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2002

c) *Revenue recognition*

Government contributions are recognized as revenue in the fiscal year in which the related expenses are incurred.

Other revenues are recognized when the related service is provided.

d) *Program acquisition and production*

Program acquisition and production costs are expensed as incurred.

3. CAPITAL ASSETS

The components of the capital assets as well as the related accumulated depreciation are:

	2002			2001
	Cost $	Accumulated Depreciation $	Net Book Value $	Net Book Value $
Office equipment and furniture	290,222	183,617	106,605	24,341
Uplink development and network configuration	746,762	510,039	236,723	285,860
Computer hardware	410,872	350,244	60,628	45,926
TVs, satellite dishes and receivers	515,795	494,677	21,118	29,316
Fax machines and conferencing units	75,087	61,410	13,677	19,631
Computer software	181,896	166,285	15,611	8,720
Digital video compression equipment	1,307,448	1,274,241	33,207	150,785
Data transmission equipment	893,771	377,709	516,062	39,893
	4,421,853	3,418,222	1,003,631	604,472

4. FUNDS UNDER ADMINISTRATION

The Corporation administers funds on behalf of related parties, in accordance with the terms of contracts between the Corporation and the related parties.

5. EQUITY IN CAPITAL ASSETS

	2002 $	2001 $
Balance - beginning of year	604,472	806,236
Allocation (to)/from retained earnings	399,159	(201,764)
Balance - end of year	1,003,631	604,472

SASKATCHEWAN COMMUNICATIONS NETWORK CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2002

6. CAPITAL RESERVE

This appropriation has been established to provide for the replacement and upgrading of satellite receivers and other technical equipment. Amounts may be transferred from the reserve on the authority of the Board of Directors.

	2002 $	2001 $
Balance - beginning of year	200,000	250,000
Allocation (to)/from retained earnings	0	(50,000)
Balance - end of year	200,000	200,000

7. COMMITMENTS

a) *Productions*
At March 31, 2002 the Corporation had commitments totaling $43,000 (2001 - $44,937) representing the estimated costs to complete productions in progress.

b) *Broadcast and duplication rights*
At March 31, 2002 the Corporation had commitments totaling $1,195,856 (2001 - $1,350,058) for the acquisition of broadcast and duplication rights.

c) *Full-time satellite transponder*
The Corporation has a contract for a full-time KuBand satellite transponder. The current price is guaranteed until the new satellite is launched, scheduled for spring 2003. The estimated cost for 2002-2003 is $1,466,033 (2001-02 $1,466,033).

d) *Head end contract*
The Corporation has a contract with the University of Saskatchewan, a related party, for the operation of SCN's master control, tape duplication, packaging and promotional productions. A new five year contract began April 25, 2001 with an annual commitment of $628,193 plus a yearly increase for inflation.

e) *Backhaul contract*
The Corporation has a month by month contract with SaskTel, a related party, for signal transportation services with a monthly commitment of $9,725.

f) Site Licence to operate a telecommunication facility
The Corporation has a contract with the Canadian Broadcast Corporation (CBC) for a site licence to uplink the SCN signal. The contract cost for 2002-2003 is $48,000. The contract extends to August 31, 2005.

g) Property lease agreement
The Corporation has a contract with the Saskatchewan Property Management Corporation (SPMC), a related party, for the lease of accommodation space. The contract cost for 2002-2003 is $174,422. The contract extends to June 30, 2007.

SASKATCHEWAN COMMUNICATIONS NETWORK CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2002

h) *Lease agreement for broadcast scheduling software*
The Corporation has a contract with Specialty Data Systems Inc. for the lease of broadcast scheduling software. The contract cost for 2002-2003 is $33,333. The contact extends to April 30, 2004 with an option to renew to April 30, 2007.

8. RELATED PARTY TRANSACTIONS

All Government of Saskatchewan agencies such as departments, corporations, boards and commissions are related since all are controlled by the government.

Included in these financial statements are income and expense amounts resulting from routine operating transactions conducted at prevailing market prices with various Saskatchewan Crown-controlled departments, agencies and corporations with which SCN is related. The more significant of these are Saskatchewan Post-Secondary Education and Skills Training, SaskTel, the universities, SIAST, and the regional colleges. Account balances resulting from these transactions are included in the balance sheet and are settled on normal trade terms.

The following table summarizes SCN's major related party transactions that are in the normal course of operations. These transactions are recorded at exchange amounts agreed to by the related parties.

	2002 $	2001 $
Revenues		
- Saskatchewan Health for satellite conferences	14,204	16,101
- Saskatchewan Social Services for satellite conferences	3,339	0
- SPMC for data transmission over satellite	224,170	0
- Legislative Assembly for Legislative channel broadcast	169,600	11,830
Expenses		
Administration		
- SPMC for accommodation expense	158,454	96,362
- SaskTel for telephone operating costs	36,584	27,303
Program development - Universities, SIAST	660,000	659,125
Network distribution		
- Regional Colleges/SIAST for operation of Training Network sites	874,500	874,500
- SaskTel equipment purchases	0	42,125
- SaskTel for video and audio signal transport services, and telephone operating costs	168,743	206,614
-SPMC for backhaul	48,166	0

SASKATCHEWAN COMMUNICATIONS NETWORK CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2002

	2002 $	2001 $
Accounts Receivable at March 31, 2001		
- SaskTel for channel rent and data transmission trial	0	39,503
- Legislative Assembly for purchase of receivers	0	37,694
- SPMC for data transmission over satellite	78,759	0
Accounts Payable at March 31, 2001		
- SaskTel for backhaul, uplink, and telephone charges	16,634	81,227
- Saskatchewan Health for satellite conferences	5,880	0

Other transactions with related parties, including their terms of settlement, are described separately in the financial statements and notes therein.

9. FINANCIAL INSTRUMENTS

The Corporation's recognized financial instruments consist of accounts receivable, accounts payable and funds under administration. The Corporation does not have any financial assets or financial liabilities which are not recognized in the financial statements.

a) *Fair values*
The fair values of the above noted financial instruments approximate their carrying value due to the short-term nature of these instruments.

b) *Credit risk*
The Corporation is exposed to credit risk from the potential default of customers. However, the majority of the Corporation's receivables are from related parties, other government corporations and agencies. Therefore the credit risk is minimal.

10. COMPARISON OF PLANNED AND ACTUAL RESULTS OF EXPENSES

	2002		2001
	Budget $	*Actual* $	*Actual* $
Operating Expenses			
Administration	841,353	937,102	792,966
Program support	479,844	571,120	484,745
Program development and production costs	1,086,000	783,197	784,241
Program acquisition costs	1,944,742	2,009,081	1,906,358
Network distribution	3,477,062	3,377,373	3,759,213
Reserve	95,450	—	—
Administration - depreciation	—	77,558	61,358
Network distribution - depreciation	—	528,134	360,424
Capital Expenditures			
Administration	135,500	176,087	50,649
Network distribution-purchase	807,500	828,764	386,999

SASKATCHEWAN COMMUNICATIONS NETWORK CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2002

11. CLASSIFICATION OF EXPENSES BY OBJECT

	2002 $	2001 $
Salaries (including benefits)	1,626,854	1,397,309
Communications	219,168	199,510
Administration - Operations	481,484	410,802
Programming - General	1,181,605	1,342,561
Programming - Educational	847,380	904,880
Other production and acquisition costs	527,998	443,158
Carriage	1,914,107	2,133,066
Regional college operational grants	874,500	874,500
Network operations	610,469	443,519
Total	8,283,565	8,149,305

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the consolidated statement of financial position of the Saskatchewan Gaming Corporation as at March 31, 2002 and the consolidated statements of operations and retained earnings, and cash flows for the year then ended. The Saskatchewan Gaming Corporation's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Saskatchewan Gaming Corporation as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
April 29, 2002

Fred Wendel, CMA, CA
Acting Provincial Auditor

Statement 1

SASKATCHEWAN GAMING CORPORATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at March 31

	2002	2001
ASSETS		
Current assets:		
Cash and short-term investments	$ 16,780,973	$ 14,668,772
Accounts receivable	889,492	318,678
Inventory	176,504	155,164
Prepaid expenses	580,150	473,898
	18,427,119	15,616,512
Capital assets (Note 3)	50,781,520	32,026,079
Total Assets	$ 69,208,639	$ 47,642,591
LIABILITIES AND RETAINED EARNINGS		
Current liabilities:		
Accounts payable and accrued liabilities	$ 7,441,216	$ 4,840,047
Current portion of long-term debt (Note 4)	2,111,202	1,285,286
	9,552,418	6,125,333
Due to General Revenue Fund (Note 1)	26,380,220	22,709,087
Long-term debt (Note 4)	33,276,001	18,808,171
Retained earnings (Statement 2)	—	—
Total Liabilities and Retained Earnings	$ 69,208,639	$ 47,642,591

Commitments (Note 5)

(See accompanying notes to the financial statements)

Statement 2

SASKATCHEWAN GAMING CORPORATION
CONSOLIDATED STATEMENT OF OPERATIONS AND RETAINED EARNINGS
For the Year Ended March 31

	2002		2001
	Budget (Note 12)	Actual	Actual
Revenue:			
Slot machines	$ 56,200,000	$ 55,700,726	$ 50,231,167
Table games	9,200,000	8,177,664	8,452,763
Other revenue (Note 6)	5,546,200	5,788,894	4,657,944
	70,946,200	69,667,284	63,341,874
Less promotional allowances	3,406,100	3,269,523	2,361,525
	67,540,100	66,397,761	60,980,349
Expenses (Note 7):			
Casino and administration	24,503,100	24,932,997	22,302,522
Contractual obligation (Note 5 a)	2,600,000	2,600,000	2,600,000
Ancillary services (Note 6)	3,941,400	4,669,462	2,883,049
Amortization and asset write-down	5,750,000	3,022,168	4,053,117
Interest	2,576,900	2,489,924	2,029,187
Taxes (Note 10)	2,815,000	2,302,990	3,059,206
Consulting (Note 8)	—	—	1,344,181
	42,186,400	40,017,541	38,271,262
Net income	25,353,700	26,380,220	22,709,087
Retained earnings, beginning of the year	—	—	—
Due to General Revenue Fund (Note 1)	25,353,700	26,380,220	22,709,087
Retained earnings, end of the year - to Statement 1	$ —	$ —	$ —

(See accompanying notes to the financial statements)

Statement 3

SASKATCHEWAN GAMING CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended March 31

	2002	2001
Cash flows from operating activities:		
Net income	$ 26,380,220	$ 22,709,087
Items not involving cash:		
Amortization of capital assets	3,048,842	4,120,909
Amortization of deferred charges (Note 9)	—	376,104
Write-down of assets	(26,673)	(67,792)
Changes in non-cash working capital balances:		
Accounts receivable	(570,814)	(246,460)
Prepaid expenses	(106,252)	(18,641)
Inventories	(21,340)	9,382
Accounts payable and accrued liabilities	2,601,169	1,125,702
	31,305,152	28,008,291
Cash flows from investing activities:		
Proceeds from sale of capital assets	4,008,576	217,758
Additions to capital assets	(25,786,186)	(7,027,724)
	(21,777,610)	(6,809,966)
Cash flows from financing activities:		
Payment to General Revenue Fund	(22,709,087)	(19,816,624)
Loan for casino expansion	17,000,000	—
Repayment of debt	(1,706,254)	(3,965,256)
	(7,415,341)	(23,781,880)
Net increase/(decrease) in cash	2,112,201	(2,583,555)
Cash and short-term investments, beginning of the year	14,668,772	17,252,327
Cash and short-term investments, end of the year	$ 16,780,973	$ 14,668,772

(See accompanying notes to the financial statements)

SASKATCHEWAN GAMING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2002

1. Description of Business

The Saskatchewan Gaming Corporation (SGC) manages and operates Casino Regina. SGC was established as a Treasury Board Crown Corporation under *The Saskatchewan Gaming Corporation Act, 1994* (Act). Under Section 13 of the Act, SGC, unless directed otherwise by Treasury Board, shall pay its net profits for each fiscal year to the General Revenue Fund.

SGC was established to provide for separation of regulatory and operational aspects of gaming. SGC must operate in accordance with statutory provisions established under Section 207 of the *Criminal Code of Canada* and *The Alcohol and Gaming Regulation Act, 1993*. Regulation of its operations is controlled by the separately constituted Saskatchewan Liquor and Gaming Authority.

On July 25, 2001, SGC received approval from the Lieutenant Governor in Council to establish a casino in Moose Jaw.

2. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The significant policies which have been adopted are described below.

a) Basis of Consolidation

The consolidated financial statements combine the accounts of Saskatchewan Gaming Corporation and its wholly-owned subsidiary, SGC Holdings Inc.

b) Revenue

Gaming revenue (table and slot revenues) represents the net win from gaming activities, which is the difference between the amounts wagered and pay-outs by the casino. Gaming revenues are net of accruals for anticipated payouts of progressive jackpots.

c) Players Club Program

As part of its customer loyalty initiative, SGC offers a players club program to patrons. Under the program, club members accumulate reward points based on the amounts wagered and time spent on certain slot machines. Members can redeem their points for cash. SGC records the points earned as a reduction of gaming revenue.

d) Promotional Allowances

The retail value of goods and services furnished to casino guests without charge is included in revenue and then deducted as promotional allowances. Promotional allowances also include complimentary coins given to patrons.

e) Inventory

Inventory is stated at the lower of cost and net realizable value.

f) Capital Assets

Capital assets are stated at cost less accumulated amortization. Assets are amortized commencing in the year in which assets are placed in service using the straight-line method over their useful lives as follows:

Building and renovations	Five to forty years
Gaming equipment	Three to five years
Computer equipment	Three to five years
Furniture and equipment	Three to five years

g) Cash and Short-term Investments

Cash and short-term investments consist of cash on hand and balances with banks and investments in a Canadian money market fund. Short-term investments are carried at cost, which approximates market value.

3. Capital Assets

	2002			2001
	Cost	Accumulated Amortization	Net Carrying Amount	Net Carrying Amount
Building and renovations	$ 48,491,648	$ 5,331,246	$ 43,160,402	$ 23,907,528
Gaming equipment	10,656,025	8,989,628	1,666,397	1,961,424
Land	4,228,000	—	4,228,000	4,228,000
Computer equipment	3,396,638	2,602,835	793,803	617,469
Furniture and equipment	2,878,653	1,945,735	932,918	1,311,658
Total	$ 69,650,964	$ 18,869,444	$ 50,781,520	$ 32,026,079

SGC negotiated cost-sharing arrangements with the City of Regina, Regina Market Square and the hotel adjacent to the casino for the construction of pedway linkages. Under these arrangements, SGC retains ownership of the assets. During the year, the amounts received from the other parties of approximately $795,000 were credited against the cost of the capital assets.

4. Long-Term Debt

	2002	2001
Land and Building Loan, repayable in monthly instalments of $256,715 including interest at 9.2%, due April 1, 2011	$ 18,808,171	$ 20,093,457
Building Loan, repayable in monthly instalments of $76,572 including interest at 6.48%, due December 1, 2016	8,713,691	—
Building Loan, repayable in monthly instalments of $67,790 including interest at 6.17%, due December 1, 2016	7,865,341	—
	35,387,203	20,093,457
Less current portion	2,111,202	1,285,286
	$ 33,276,001	$ 18,808,171

During the year, SGC Holdings obtained new loans totalling $17,000,000 for construction of a new entertainment facility west of Casino Regina, a parking structure, and pedway linkages with the nearby shopping centre and the adjacent hotel. Saskatchewan Property Management Corporation (SPMC) managed this project for SGC Holdings Inc.

The above loans are secured by assets and shares of SGC Holdings Inc. Principal repayments required in the next five years are as follows:

2003	$ 2,111,202
2004	2,292,198
2005	2,489,157
2006	2,703,520
2007	2,936,860
2008 and subsequent	22,854,266
	$ 35,387,203

5. Commitments

a) Agreement with Regina Exhibition Association (Association)

On April 1, 1997, SGC entered into an agreement with the Association to fulfill previous commitments made to the Association regarding the maintenance of a certain level of its income.

The Association terminated the agreement effective November 23, 1997. Under the termination provisions of the agreement, SGC agreed to pay the Association monthly payments of $235,417 for the first year following termination of the agreement and monthly payments of $216,667 in each year thereafter for 29 years.

b) Operating Lease

SGC sold certain equipment to a leasing company. SGC then made an agreement with the leasing company to lease back the equipment. The lease terms for the equipment range from 36 to 43 months. Lease and rental expense includes $269,130 for leasing this equipment.

The minimum annual lease payments required are as follows:

2003	$ 795,635
2004	911,568
2005	1,337,370
2006	372,112
Total	$3,416,685

c) Casino Moose Jaw Expansion

On July 19, 2001, SGC made an agreement with Harvard Developments Inc. (Harvard) and the Temple Garden Mineral Spa Inc. (Temple Gardens) for the construction of Casino Moose Jaw. Upon the completion of construction, SGC will lease the property from Harvard and Temple Gardens for 25 years at an annual cost of $900,000 for the first ten years, and $955,000 thereafter. At the end of the lease, SGC will acquire the property for the sum of one dollar. Construction is expected to be completed in September 2002.

d) Agreement with Moose Jaw Exhibition Company Ltd. (MJEX)

On July 31, 2001, SGC made an agreement with MJEX regarding the maintenance of a certain level of income upon the opening of Casino Moose Jaw.

Under the provisions of the agreement, SGC agreed to pay MJEX $125,000 upon SGC receiving all approvals necessary to proceed with the Casino Moose Jaw project. SGC agreed to pay a further $125,000 to MJEX upon MJEX providing indemnity to SGC against any claims by or on behalf of MJEX employees as a result of the project. By year-end, MJEX met both of these conditions. SGC has recorded $250,000 as operating expenses.

The agreement also requires SGC to pay MJEX the sum of $415,000 annually. This amount will be reduced by payments MJEX may receive from the Community Initiatives Fund in that year and by the net profits of MJEX's casino operations in that year. The obligation will commence on the first day of the fourth month after the opening of Casino Moose Jaw and will continue for a period of 25 years.

6. Other Revenue

	2002						2001
	Food & Beverage	Parking	Show lounge	Giftshop	Other	Total	Total
Revenue:							
Sales	$4,733,390	$ 1,211,697	$ 486,856	$ 463,753	$ —	$6,895,696	$ 5,327,419
Cost of goods sold	1,439,695	—	—	365,598	—	1,805,293	1,543,934
Gross profit	3,293,695	1,211,697	486,856	98,155	—	5,090,403	3,783,485
Interest	—	—	—	—	309,934	309,934	416,847
Rent and other	16,098	—	—	14,627	357,832	388,557	457,612
Total revenue	3,309,793	1,211,697	486,856	112,782	667,766	5,788,894	4,657,944
Expenses	3,097,742	678,327	789,002	104,391	—	4,669,462	2,883,049
Operating income	$212,051	$ 533,370	$(302,146)	$ 8,391	$ 667,766	$1,119,432	$ 1,774,895

7. Expenses by Object

	2002	2001
Salaries and benefits	$ 17,277,442	$ 15,248,207
Marketing and communication	4,363,108	3,671,082
Utilities, insurance, supplies and maintenance	3,952,552	2,798,602
Amortization and asset write down	3,022,168	4,053,117
Contractual Obligations (Note 5 a)	2,600,000	2,600,000
Interest	2,489,924	2,029,187
Taxes (Note 10)	2,302,990	3,059,206
Professional services	1,257,179	1,280,981
Uniforms, recruitment and training	924,175	1,062,272
Lease and rental	784,642	374,579
Other operating expenses	1,043,361	749,848
Consulting (Note 8)	—	1,344,181
Total Expenses	$ 40,017,541	$ 38,271,262

8. Holland Casinos

SGC had retained Holland Casinos to assist in the development and operation of Casino Regina. A five year agreement was finalized in April 1995, to commence January 1996. Under the agreement, SGC paid to Holland Casinos an amount equal to 1.5% of gross gaming revenue, and 1.5% of net profits per operating year for five years, plus any salaries, travel, and living expenses incurred by Holland Casinos staff. The agreement with Holland Casinos expired January 25, 2001.

9. Deferred Charges

In 1995, SGC purchased a five-year non-exclusive licence to use Holland Casinos' "know-how" and proprietary software. The total cost of this license was amortized to consulting expense over a five-year period ending January 25, 2001.

10. Taxes

SGC is on the prescribed list of lottery corporations pursuant to Section 188 of *The Federal Excise Tax Act*. In lieu of collecting Goods and Services Tax (GST) on revenue at the retail level, SGC calculates and remits GST according to a formula prescribed by Canada Customs and Revenue Agency (CCRA). The formula requires SGC to pay 14% on the purchase of goods and services related to gaming activities.

GST and Provincial Sales Tax on equipment leased from SGC Holdings Inc. is expensed over the term of the lease. Also included in taxes is grants in lieu of property tax.

During the fiscal year, SGC engaged a consultant to complete a comprehensive analysis of how GST applies to gaming and non-gaming activities. Based on the allocation methodology recommended by the consultant, SGC submitted a request for GST recovery to CCRA for the period April 1, 1998 to August 31, 2001. Although CCRA has paid SGC the refund requested as a result of the changed allocation methodology, CCRA has not yet agreed to the revised allocation methodology. CCRA is currently conducting an audit of SGC's new allocation methodology. SGC cannot reasonably estimate the outcome of this audit. Accordingly, SGC has not recorded the GST recoveries or the consultant's contingent fee in the consolidated statement of operations. Amounts received during the year net of consultant fees have been recorded in accounts payable and accrued liabilities. SGC plans to record the recoveries and consultant fees in the consolidated statement of operations in the year the outcome of CCRA's audit is communicated.

11. Pension Plan

Substantially all of SGC's permanent employees participate in the Capital Pension Plan (the Plan), a defined contribution pension plan which is administered by the Plan's Board of Directors, using staff and facilities provided by Crown Investments Corporation of Saskatchewan. SGC's financial obligation is limited to matching the required amounts contributed by employees for current service, which totalled $703,297 for 2002 (2001 - $638,728). The amount required to be contributed by employees is 5.5% of salary.

12. 2002 Budget

These amounts represent the budget approved by the Board of the Saskatchewan Gaming Corporation.

13. Related Party Transactions

These consolidated financial statements include transactions with related parties. SGC is related to all Saskatchewan Crown agencies such as departments, corporations, boards and commissions under the common control of the Government of Saskatchewan. Also, SGC is related to non-Crown enterprises that the Government jointly controls or significantly influences.

Routine operating transactions with related parties are recorded at the rates charged by those organizations and are settled on normal trade terms. These transactions are as follows:

Category	2002	2001
Salaries and benefits	$ 918,253	$ 760,044
Utilities, insurance, supplies and maintenance	1,025,657	801,675
Restaurant - cost of sales	397,990	388,475
Other operating expenses	59,920	484,006
Accounts payable and accrued liabilities	165,719	26,974

In addition, SGC pays Provincial Sales Tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases. SGC also collects Liquor Consumption Tax and remits to the Saskatchewan Department of Finance.

SGC Holdings Inc also paid $21,856,954 to SPMC related to the Casino Regina expansion. Also included in accounts payable is $2,044,710 to SPMC. These amounts have been capitalized.

Other transactions with related parties and amounts due to/from them are described separately in the consolidated financial statements and the notes thereto.

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Saskatchewan Heritage Foundation as at March 31, 2002 and the statements of operations and net financial assets, and cash flows for the year then ended. The Foundation's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

FWendel

Regina, Saskatchewan
June 3, 2002

Fred Wendel, CMA, CA
Provincial Auditor

Statement 1

SASKATCHEWAN HERITAGE FOUNDATION
STATEMENT OF FINANCIAL POSITION
As at March 31

	2002	2001
ASSETS		
Current assets:		
Cash	$ 16,756	$ 20,608
Due from General Revenue Fund (Note 3)	354,126	424,879
Due from Parks Canada (Note 5)	103,279	45,682
Due from Claybank Brick Plant Historical Society (Note 5)	63,417	6,651
Accounts receivable	--	2,010
Advances	16,299	23,274
	$ 553,877	$ 523,104
LIABILITIES AND NET FINANCIAL ASSETS		
Current liabilities:		
Accounts payable	$ 300	$ 1,961
Net financial assets (Statement 2)	553,577	521,143
	$ 553,877	$ 523,104

Commitments (Note 4)

(See accompanying notes to the financial statements)

Statement 2

SASKATCHEWAN HERITAGE FOUNDATION
STATEMENT OF OPERATIONS AND NET FINANCIAL ASSETS
For the Year Ended March 31

	2002		2001
	Budget (Note 8)	Actual	Actual
Revenues:			
Transfers:			
Department of Municipal Affairs and Housing - Grant	$ 345,000	$ 345,000	$ 345,000
Parks Canada (Note 5)	185,000	185,000	200,000
Claybank Brick Plant Historical Society (Note 5)	90,000	227,847	75,705
Kaplan Fund (Note 6)	–	79,245	–
Interest (Note 3)	25,425	13,652	25,749
Other	20,000	2,500	2,122
	665,425	853,244	648,576
Expenses:			
Heritage properties:			
Claybank Brick Plant (Note 5)	454,981	515,566	423,064
Other	210,000	266,623	226,957
Board travel and honorariums	24,250	20,330	30,012
Printing	6,500	6,545	7,097
Other	12,650	11,746	10,927
	708,381	820,810	698,057
Surplus (Deficit)	$ (42,956)	32,434	(49,481)
Net financial assets, beginning of year		521,143	570,624
Net financial assets, end of year (Statement 1)		$ 553,577	$ 521,143

(See accompanying notes to the financial statements)

Statement 3

SASKATCHEWAN HERITAGE FOUNDATION
STATEMENT OF CASH FLOWS
For the Year Ended March 31

	2002	2001
Cash flows from operating activities:		
Grant from Department of Municipal Affairs and Housing	$ 345,000	$ 345,000
Receipts from Parks Canada	127,403	154,318
Receipts from Claybank Brick Plant Historical Society	171,081	69,054
Receipts from Kaplan Fund	79,245	--
Interest received	13,652	25,749
Other revenue received	4,510	2,112
Payments relating to Claybank Brick Plant	(517,227)	(431,064)
Payments to recipients of heritage property funding	(259,648)	(221,580)
Payments for board travel and honorariums	(20,330)	(30,012)
Payments to suppliers	(18,291)	(18,024)
Net (decrease) increase in cash	(74,605)	(104,447)
Cash, beginning of year	445,487	549,934
Cash, end of year	$ 370,882	$ 445,487
Cash consists of:		
Cash	$ 16,756	$ 20,608
Due from General Revenue Fund	354,126	424,879
	$ 370,882	$ 445,487

(See accompanying notes to the financial statements)

SASKATCHEWAN HERITAGE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2002

1. Authority

The Saskatchewan Heritage Foundation was established under the authority of *The Saskatchewan Heritage Foundation Act* effective February 18, 1991. The Foundation works in close consultation with the Community and Heritage Services Branch of the Department of Municipal Affairs and Housing (effective April 1, 2002 Heritage Resources of the Department of Culture, Youth & Recreation) and provides financial support for community-based heritage projects which conserve, restore, develop and interpret Saskatchewan's rich heritage resources.

The Foundation is managed by the Saskatchewan Heritage Foundation Board.

2. Significant Accounting Policies

The financial statements are prepared in accordance with Canadian generally accepted accounting principles. The following policies are considered significant:

a) Heritage Properties

The cost incurred to restore and develop the Claybank Brick Plant is expensed in the year the services are rendered and/or goods received.

Other heritage projects that the Foundation funds are recorded as an expense when recipients incur eligible expenses for projects approved by the Foundation Board.

Donated heritage properties, materials and services are not recorded.

b) Revenue

Transfers are recognized as revenue in the period during which the transfer is authorized and any eligibility criteria are met.

c) Advances

Amounts paid to organizations for projects related to heritage properties are recorded as advances until the recipient organizations incur the eligible expenses.

d) Cash

Cash consists of balances with the bank and cash on hand.

3. Due From General Revenue Fund

The Foundation's bank accounts are included in the Consolidated Offset Bank Concentration (COBC) arrangement for the Government of Saskatchewan.

The Foundation's earned interest is calculated and paid by the General Revenue Fund on a quarterly basis to the Foundation's bank accounts using the Government's thirty day borrowing rate and the Foundation's average daily bank account balance. The Government's average thirty day borrowing rate for 2002 is 3.41% (2001 – 5.59%).

4. Commitments

The Foundation has multi-year commitments at year end totalling $389,288 (2001 - $396,089). The Foundation Board has approved these heritage projects but no monies have been paid or eligible expenses incurred.

5. Claybank Brick Plant

The Claybank Brick Plant was donated to the Foundation in 1992. In 1994, the plant was designated as a National Historic Site. The Foundation incurs restoration costs and seeks contributions from other organizations to recover a portion of those costs.

The Claybank Brick Plant Historical Society (Society) donates material and services to the Foundation to achieve the common goal of developing the Brick Plant as a tourist attraction. The Foundation has an agreement with the Society whereby funds generated by the Society, to restore the Site, shall be directed to the Foundation. The majority of the Society's funding is obtained through cost sharing agreements with federal government agencies

The Foundation entered a five year funding agreement with Parks Canada, commencing March 30, 1999, for a maximum funding of $954,500 to help cover the costs of restoring the Site. Parks Canada reimburses one-half of the eligible costs up to a limit specified for each fiscal year. The Foundation claimed the maximum amount available for 2001/02.

6. Kaplan Fund

The J. M. Kaplan Fund is a family foundation, based in New York, which administers a conservation program to help restore and protect the natural and historic legacies of the North American continent. The Kaplan Fund gave a donation to the Foundation for preserving historic churches and historic sites.

7. Financial Instruments

The Foundation's financial instruments include cash, due from General Revenue Fund, due from Parks Canada, due from Claybank Brick Plant Historical Society, accounts receivable, and accounts payable. The fair value of these instruments approximates carrying value due to their immediate or short-term maturity.

The Foundation is exposed to credit risk from the potential default of contributors. However, the majority of the Foundation's receivables are from other government agencies, therefore, the credit risk is minimal.

8. Budget

The Saskatchewan Heritage Foundation Board approved the 2001/02 budget.

9. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies and boards related to the Foundation by virtue of common control by the Government of Saskatchewan. Also, the Foundation is related to non-crown enterprises that the Government jointly owns or significantly influences.

Routine operating transactions with related parties are recorded at rates charged by those organizations and are settled on normal trade terms. These transactions, and amounts outstanding at year end, are as follows:

Category	2002	2001
Claybank Brick Plant expenses	$11,740	$10,886
Other heritage property expenses	2,500	21,536
Board travel and honorarium expenses	1,055	924
Other expenses	411	0
Accounts payable	300	0

The Foundation pays Provincial Sales Tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

In accordance with established government practice, the Foundation has not been charged with certain administrative and occupancy costs and no provision for such costs is reflected in these statements. These costs are borne by the Department of Municipal Affairs and Housing from monies appropriated by the Legislature for such purposes.

Other transactions with related parties and amounts due to or from them are described separately in the financial statements and notes.

KPMG

KPMG LLP
Chartered Accountants
2000 - 1881 Scarth Street
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AUDITORS' REPORT

To the Members of the Legislative Assembly
Province of Saskatchewan

We have audited the consolidated balance sheet of the Saskatchewan Housing Corporation as at December 31, 2001, and the consolidated statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2001, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Regina, Saskatchewan
February 15, 2002

KPMG LLP, a Canadian owned limited liability partnership established under the laws of Ontario, is a member firm of KPMG International, a Swiss association.

Saskatchewan Housing Corporation
Consolidated Balance Sheet

As at December 31, 2001

(*thousands*)

	2001	2000
Assets		
Investment in housing projects (note 3)	$ 269,946	$ 274,585
Land (note 4)	5,653	6,544
Mortgages and loans (note 5)	4,660	4,826
Accounts receivable	6,656	6,453
Cash and cash equivalents	---	5,558
	$ 286,915	$ 297,966
Liabilities, Deferred Contributions and Net Assets		
Liabilities and Deferred Contributions:		
Long-term debt (note 6)	$ 137,688	$ 181,062
Accounts payable and accruals	16,544	17,818
Land profits holding account (note 10)	2,848	3,096
Life interest agreements	2,432	---
Short-term indebtedness	13,548	---
Deferred federal contributions (note 7):		
Expenditures of future periods	67,518	53,062
Capital assets	14,864	13,733
Deferred Centenary Fund contributions (note 8)	4,787	2,000
Other deferred contributions related to capital assets (note 9)	3,625	3,812
	$ 263,854	$ 274,583
Net Assets:		
Internally restricted net assets (note 11)	$ 22,782	$ 21,730
Unrestricted net assets	279	1,653
	$ 23,061	$ 23,383
	$ 286,915	$ 297,966

Contingencies and commitments (notes 15 and 16)

See accompanying notes to the consolidated financial statements.

On behalf of the Board:

Brij Mathur, Member

Saskatchewan Housing Corporation
Consolidated Statement of Operations

For the year ended December 31, 2001

(*thousands*)

	2001 Planned	2001 Actual	2000 Actual
Revenues:			
Rents and other income	$ 75,468	$ 73,603	$ 73,811
Land sales	2,719	3,979	2,759
Federal contributions:			
Social Housing Agreement (note 7)	64,311	47,226	49,042
Other agreements	4,908	4,497	5,207
Provincial contributions:			
Operating	27,824	28,158	27,553
Centenary Fund (note 8)	691	413	150
Other contributions	1,428	1,085	764
	$ 177,349	$ 158,961	$ 159,286
Expenditures:			
Operating (note 13)	$ 101,675	$ 92,057	$ 90,245
Grants and subsidies	41,000	33,534	35,440
Interest expense (note 14)	20,070	18,314	22,762
Amortization of investment in housing projects	10,800	11,597	10,528
Cost of land sales	2,665	3,752	2,450
Loss provisions (recoveries) and other	1,160	29	(111)
	$ 177,370	$ 159,283	$ 161,314
Excess of expenditures over revenues	$ 21	$ 322	$ 2,028

See accompanying notes to the consolidated financial statements.

Saskatchewan Housing Corporation
Consolidated Statement of Changes in Net Assets

For the year ended December 31, 2001

(thousands)

	2001	2000
Internally Restricted Net Assets:		
Balance, beginning of year	$ 21,730	$ 24,892
Net transfers from (to) unrestricted net assets (note 11)	1,052	(3,162)
Balance, end of year	$ 22,782	$ 21,730
Unrestricted Net Assets:		
Balance, beginning of year	$ 1,653	$ 519
Excess of expenditures over revenues	(322)	(2,028)
Net transfers from (to) internally restricted net assets (note 11)	(1,052)	3,162
Balance, end of year	$ 279	$ 1,653
Net Assets, end of year	$ 23,061	$ 23,383

See accompanying notes to the consolidated financial statements.

Saskatchewan Housing Corporation
Consolidated Statement of Cash Flows

For the year ended December 31, 2001

(*thousands*)

Cash Provided By (Used In):

	2001	2000
Operating Activities:		
Excess of expenditures over revenues	$ (322)	$ (2,028)
Items not affecting cash:		
Amortization of investment in housing projects	11,597	10,528
Cost of land sales	3,752	2,450
Loss provisions and other	17	(339)
Grants and subsidies	403	339
Contributions related to capital assets recognized as revenue	(1,255)	(927)
Other income	(1,004)	(1,103)
Payments from land profits holding account	(500)	(165)
Decrease (increase) in non-cash working capital	(2,211)	3,406
Increase in deferred federal contributions for expenditures of future periods	14,456	13,001
	$ 24,933	$ 25,162
Investment Activities:		
Investment in housing projects	$ (6,933)	$ (10,305)
Investment in land	(2,647)	(3,042)
Reduction in mortgages and loans	419	736
Proceeds from sale of housing projects	1,017	1,227
	$ (8,144)	$ (11,384)
Financing Activities:		
Repayment of long-term debt	$ (42,727)	$ (31,575)
Proceeds from long-term debt	- - -	20,898
Sinking fund installments	(585)	(585)
Life interest agreement proceeds net of refunds	2,432	- - -
Federal contributions allocated to capital assets	1,951	1,383
Centenary Fund contributions designated for capital assets	2,809	2,000
Other contributions related to capital assets	225	930
	$ (35,895)	$ (6,949)
Net increase (decrease) in cash position	$ (19,106)	$ 6,829
Cash and cash equivalents (short-term indebtedness), beginning of year	$ 5,558	$ (1,271)
Cash and cash equivalents (short-term-indebtedness), end of year	$ (13,548)	$ 5,558

See accompanying notes to the consolidated financial statements.

Saskatchewan Housing Corporation
Notes to Consolidated Financial Statements

December 31, 2001

Note 1: Status of the Corporation

The Saskatchewan Housing Corporation is a Treasury Board Crown Corporation which operates under the authority of *The Saskatchewan Housing Corporation Act.*

The Corporation's general objectives are to undertake, facilitate, and promote measures which will contribute to the availability of adequate and affordable housing for all Saskatchewan residents, and in particular the provision of housing for senior citizens, families, the disabled and other groups or persons who require assistance. The Corporation also undertakes, facilitates and promotes measures to repair, rehabilitate and make improvements to housing.

Pursuant to provisions of section 36 of *The Saskatchewan Housing Corporation Act*, the Corporation receives operating contributions from the Government of Saskatchewan - General Revenue Fund. As a Provincial Crown Corporation, the Corporation is not subject to federal income tax, provincial income tax or federal large corporations tax.

Note 2: Significant Accounting Policies

The policies used in preparing the Corporation's consolidated financial statements are in accordance with accounting principles generally accepted in Canada.

Basis of consolidation

The consolidated financial statements include the accounts of Saskatchewan Housing Corporation and public housing authorities controlled by the Corporation.

Housing authorities are incorporated bodies with no share capital, established by ministerial order pursuant to subsection 18 (1) of *The Saskatchewan Housing Corporation Act.* They provide community-based management of housing projects. Housing authorities are controlled by the Corporation by virtue of the fact that the Minister-in-charge of the Corporation has the legislative authority to appoint the members of each housing authority. Also, subsection 18 (9) of *The Saskatchewan Housing Corporation Act* provides that housing authorities must comply with policies established by the Corporation.

Transactions and account balances between the Corporation and housing authorities have been eliminated in these consolidated financial statements.

Revenue recognition

The Corporation follows the deferral method of accounting for contributions.

Provincial operating contributions provided through the Department of Municipal Affairs and Housing are unrestricted in nature, subject only to the broad provisions of section 36 of *The Saskatchewan Housing Corporation Act.* Accordingly, these contributions are recognized as revenue in the year in which they are received.

Saskatchewan Housing Corporation
Notes to Consolidated Financial Statements

December 31, 2001

Note 2: Significant Accounting Policies, Continued

Federal contributions provided by Canada Mortgage and Housing Corporation (CMHC) are restricted in accordance with provisions of the Social Housing Agreement (note 7) and other agreements. Accordingly, federal contributions are recognized as revenue in the year in which the related expenditures are incurred. Federal contributions used or committed toward capital investments in housing projects are allocated to Deferred federal contributions - capital assets, and are recognized as revenue on the same basis as the amortization of the related housing projects.

Other contributions that are restricted for a specified use, including Centenary Fund contributions (note 8), are deferred and are recognized as revenue as the related expenditures are incurred.

Sales of land intended for single family residential development are recorded at the earlier of receipt of total sale proceeds or completion of the first floor joist stage of construction. Other land sales are recorded at the earlier of receipt of total sale proceeds or the date by which all material conditions required of the vendor as specified in the sales agreement have been satisfied, and effective control of the property has passed to the purchaser.

The cost of land sales is allocated in proportion to anticipated revenue for each project.

Grants and subsidies

Grant expenditures are recognized when an application for assistance has been approved and performance requirements have been met by the client.

Subsidy assistance is provided to non-profit housing sponsors and cooperatives in accordance with operating agreements that set forth either a specified amount of assistance to be provided each year or the basis on which eligibility for assistance will be determined. For the latter type of operating agreements, expenditures for subsidy assistance are recorded based on actual or estimated costs incurred by each housing sponsor in the year.

Investment in housing projects

Investment in housing projects is carried at cost (which includes land, development, construction, administrative and carrying costs), less accumulated amortization. The recorded cost of certain projects is net of amounts provided by CMHC and municipalities in consideration for an ownership interest in the housing projects.

Debt-financed housing projects are amortized on the sinking fund basis using an interest rate of 7%. Other housing projects are amortized on a straight-line basis. Projects are amortized over periods of up to forty years.

Land

Land is recorded at the lower of net realizable value and cost (which includes acquisition, development, administrative and carrying costs).

Saskatchewan Housing Corporation
Notes to Consolidated Financial Statements

December 31, 2001

Note 2: Significant Accounting Policies, Continued

Interest capitalization

Interest is capitalized on housing and land projects at rates established at individual project commitment dates, based on approximate market rates at the time.

Mortgages and loans

Mortgages and loans are recorded at cost less an allowance for impairment. Cost includes amounts advanced, accrued interest and other charges, less repayments and subsidies.

The allowance for impairment consists of specific provisions for accounts considered to be impaired and a general provision for other potential future credit losses. The allowance is determined on the basis of a review of individual clients' payment records. Generally, management considers an account to be impaired if there is no longer reasonable assurance of timely collection of the full amount of principal and interest. Management also takes into consideration the estimated realizable value of mortgage security where applicable.

Cash and cash equivalents (short-term indebtedness)

Cash and cash equivalents (short-term indebtedness) consists of cash on hand, balances with banks, and investments in money market instruments, net of outstanding cheques and the balance drawn by the Corporation under a line of credit facility with the General Revenue Fund. Cash equivalents are carried at cost, which approximates market value.

Life interest agreements

The Corporation has received interest-free advances from the residents of a seniors housing project in consideration for a life interest in a designated housing unit. Amounts received in respect of individual agreements are refundable to the residents or to their estate following termination of the life interest agreement, and are recorded as a liability of the Corporation.

Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures for the reporting period. Actual results could differ from those estimates.

Uncertainty in the determination of the amount at which an item is recognized in the financial statements is known as measurement uncertainty. Measurement uncertainty that is material to these financial statements exists in determining the economic useful life of housing projects, the valuation of land held for future development, and the valuation of mortgages and loans. In determining the recognized amounts for amortization of investments in housing projects and for asset valuation allowances, the Corporation performs periodic assessments of prevailing business and economic conditions. Management believes that the recognized amounts are unlikely to change by a material amount in the near term.

Saskatchewan Housing Corporation
Notes to Consolidated Financial Statements

December 31, 2001

Note 3: Investment in Housing Projects

(thousands)

			2001	2000
	Cost	Accumulated Amortization	Carrying Amount	Carrying Amount
Wholly-owned housing projects	$ 166,400	$ 22,350	$ 144,050	$ 140,395
Housing investment	163,509	40,098	123,411	128,248
Construction	2,485	---	2,485	5,942
	$ 332,394	$ 62,448	$ 269,946	$ 274,585

The carrying amount of Investment in housing projects is dependent upon the continued receipt of contributions from the General Revenue Fund and from CMHC.

Housing investment represents the Corporation's ownership interest in housing projects constructed or acquired pursuant to partnership agreements. The Corporation's cost is net of amounts provided by CMHC and municipalities in consideration for an ownership interest in the housing projects.

The Corporation and CMHC have executed a Declaration of Trust by which the Corporation is trustee for CMHC's ownership interest in partnership and 100% CMHC-owned housing projects. CMHC's ownership interest will be earned by the Corporation over the remainder of each project's CMHC subsidy commitment period, in amounts which correspond to CMHC's annual amortization of the assets. Accordingly, no increase in capital assets was recorded by the Corporation.

Note 4: Land

(thousands)

			2001	2000
	Cost	Accumulated Provision for Loss	Carrying Amount	Carrying Amount
Developed and under development	$ 7,455	$ 3,217	$ 4,238	$ 4,885
Held for future development	16,070	14,655	1,415	1,659
	$ 23,525	$ 17,872	$ 5,653	$ 6,544

Saskatchewan Housing Corporation
Notes to Consolidated Financial Statements

December 31, 2001

Note 5: Mortgages and Loans

(*thousands*)

	2001	2000
Mortgages	$ 4,650	$ 4,815
Loans	1,325	1,499
	$ 5,975	$ 6,314
Less: Allowance for impairment	1,315	1,488
	$ 4,660	$ 4,826

Included in Mortgages and loans are impaired accounts as follows:

	Amortized Cost	Allowance for Impairment	2001 Carrying Amount	2000 Carrying Amount
Mortgages	$ 792	$ 282	$ 510	$ 711
Loans	1,056	1,033	23	11
	$ 1,848	$ 1,315	$ 533	$ 722

Saskatchewan Housing Corporation
Notes to Consolidated Financial Statements

December 31, 2001

Note 6: Long-term Debt

		2001	2000
Advances repayable to the General Revenue Fund (thousands):			
Year Repayable	**Weighted Average Interest Rate (%)**		
2001	15.51	$ ---	$ 42,075
2002	14.76	59,175	59,175
2003	12.14	4,556	4,556
2008	5.50	6,500	6,500
2019	6.27	31,106	31,106
2020	6.48	20,898	20,898
		$ 122,235	$ 164,310
Less: sinking fund equity		1,580	932
		$ 120,655	$ 163,378
Mortgages payable to CMHC, due at various dates from January 1 to September 1, 2002, secured by certain wholly-owned housing projects, repayable in monthly installments of $141,000 (2000 - $141,000) including interest at rates from 5.74% to 6.44%		17,033	17,684
		$ 137,688	$ 181,062

Under conditions attached to certain advances from the General Revenue Fund, the Corporation is required to pay annually into sinking funds administered by the Saskatchewan Department of Finance a minimum of one per cent of the advances outstanding. The investments held in the sinking funds are primarily Province of Saskatchewan debt instruments, with a weighted average yield of 7.33% (2000 – 8.36%).

Principal repayments and sinking fund installments due in each of the next five years are as follows (thousands):

2002	2003	2004	2005	2006
$ 76,793	$ 5,141	$ 585	$ 585	$ 585

Saskatchewan Housing Corporation
Notes to Consolidated Financial Statements

December 31, 2001

Note 7: Deferred Federal Contributions

(thousands)

a) **Expenditures of Future Periods**

	2001	2000
Balance, beginning of year	$ 53,062	$ 40,061
Contributions from CMHC - Social Housing Agreement	60,835	60,920
Interest credited	2,163	2,185
Contributions allocated to capital assets	(1,951)	(1,383)
Recognized as revenue - Social Housing Agreement	(46,591)	(48,721)
Balance, end of year	$ 67,518	$ 53,062

Pursuant to the Social Housing Agreement executed by the Corporation and CMHC, which took effect on January 1, 1997, CMHC will pay fixed annual contributions to the Corporation over the remainder of the CMHC subsidy commitment period for individual housing projects. The Agreement provides that at least a specified amount of the annual federal contributions must be applied toward housing programs which assist low income households, as defined in the Agreement. The portion of federal contributions that may be applied toward other housing programs within the scope of the Agreement is similarly specified. Unexpended federal contributions must be carried forward by the Corporation for use toward expenditures of future periods. Such contributions must be fully used, in accordance with the Agreement, by the Funding Expiration Date of December 31, 2038.

b) **Capital Assets**

	2001	**2000**
Balance, beginning of year	$ 13,733	$ 12,856
Contributions allocated	1,951	1,383
Recognized as revenue:		
Social Housing Agreement	(635)	(321)
Other agreements	(185)	(185)
Balance, end of year	$ 14,864	$ 13,733

The Social Housing Agreement provides that the Corporation may allocate federal contributions to capital investments in housing projects. Deferred federal contributions related to capital assets represent the unrecognized amount used or committed for that purpose, and include certain federal contributions received pursuant to other agreements. These contributions are recognized as revenue on the same basis as the amortization of the related housing projects.

Saskatchewan Housing Corporation
Notes to Consolidated Financial Statements

December 31, 2001

Note 8: Deferred Centenary Fund Contributions

(thousands)

	2001	2000
Balance, beginning of year	$ 2,000	$ ---
Contributions	3,200	2,150
Recognized as revenue	(413)	(150)
Balance, end of year	**$ 4,787**	**$ 2,000**

The Corporation has received Centenary Fund contributions for the purpose of developing certain housing projects, either directly by the Corporation or by providing grants to non-profit sponsors. The designation of Centenary Fund contributions for particular projects is approved by Treasury Board. Centenary Fund contributions are recognized as revenue on the same basis as the related amortization or grant expenditures, as applicable.

Note 9: Other Deferred Contributions Related to Capital Assets

(thousands)

	2001	2000
Balance, beginning of year	$ 3,812	$ 3,303
Contributions	225	930
Recognized as revenue	(412)	(421)
Balance, end of year	**$ 3,625**	**$ 3,812**

This balance relates to certain housing projects transferred to the Corporation, as well as contributions provided by Saskatchewan government departments and municipalities for the construction or acquisition of housing projects by the Corporation. These contributions are recognized as revenue on the same basis as the amortization of the related housing projects.

Saskatchewan Housing Corporation
Notes to Consolidated Financial Statements

December 31, 2001

Note 10: Land Profits Holding Account

(thousands)

	2001	2000
Balance, beginning of year	$ 3,096	$ 2,900
Profit on land sales	208	299
Interest credited	44	62
Payments	(500)	(165)
Balance, end of year	$ 2,848	$ 3,096

Profits earned on land development projects are distributed according to agreements with municipalities, which specify the percentage of profits to be transferred to a holding account for social or recreational development in the municipalities, or for other purposes as deemed appropriate by the Corporation. Individual project balances are subject to release pending determination of final costs, receipt of the last lot sale proceeds, and approval by the Corporation.

Note 11: Internally Restricted Net Assets

(tabular amounts in thousands)

				2001	2000
	Replacement Reserve	Rejuvenation Commitments	Risk Reserve	Total	Total
Balance, beginning of year	$ 7,048	$ 804	$ 13,878	$ 21,730	$ 24,892
Transfers from					
Unrestricted net assets	2,037	2,179	586	4,802	3,603
Expenditures	(2,946)	(804)	---	(3,750)	(6,765)
Net transfers from (to)					
Unrestricted net assets	$ (909)	$ 1,375	$ 586	$ 1,052	$ (3,162)
Balance, end of year	$ 6,139	$ 2,179	$ 14,464	$ 22,782	$ 21,730

Replacement Reserve

The Corporation makes an internal restriction of net assets each year to provide for replacement of appliances and for building renovations. As expenditures are incurred they are charged to operations, with a corresponding reduction to the reserve balance. For 2001, the expenditures exceeded the annual provision by $909,000 (2000 - $342,000).

Saskatchewan Housing Corporation
Notes to Consolidated Financial Statements

December 31, 2001

Note 11: Internally Restricted Net Assets, Continued

Rejuvenation Commitments

The Corporation and public housing authorities controlled by the Corporation enter into contracts for rejuvenation of housing projects. An internal restriction of net assets has been made to reflect outstanding commitments under rejuvenation contracts as of December 31, 2001.

Risk Reserve

The Social Housing Agreement between CMHC and the Corporation provided for a one-time contribution of $11,700,000, which was received in 1997. This amount plus interest has been internally restricted for mitigating operating risks associated with the Corporation's financial responsibility for housing programs transferred from CMHC pursuant to the Agreement, and for mitigating property risks associated with housing projects.

Note 12: Financial Instruments

Credit risk

Accounts receivable consist primarily of amounts due from CMHC, federal Goods and Services Tax rebates, deposit accounts and amounts due from non-profit housing sponsors, which in aggregate represent 63% (2000 - 75%) of balances outstanding. Credit risk on these accounts is minimal.

Credit risk arises from the possibility that tenants might be unable to fulfill their lease commitments. Public housing authorities mitigate this risk by conducting rental reference checks prior to tenant placement, through well defined procedures for addressing rent arrears, and by limiting the exposure to credit loss for any one tenant.

Credit risk also arises from the possibility that borrowers might default on their contractual loan obligations. Credit exposure on mortgages and loans is managed through appropriate account administration.

Mortgage guarantees provided by the Corporation are in respect of mortgages advanced to individual homeowners, except for mortgages totaling $2,912,000 (2000 - $3,096,000) which were advanced to the sponsors of certain seniors housing projects. The mortgages were advanced during 1986 and 1987, are being amortized through monthly payments and mature at various dates to the year 2023. Management believes that credit risk on these guarantees is minimal, due to the maturity of the mortgage portfolio.

Interest rate risk

The interest rate on most mortgages and loans is renewed annually, except for impaired mortgages and loans and certain residential rehabilitation loans, which were written at a fixed interest rate of 8.875% and mature in 2002. Interest rates on 2001 renewals ranged from 4.60% to 7.40% (2000 – 7.35% to 8.18%).

The Corporation manages interest rate risk on debt by obtaining long-term advances through the General Revenue Fund at fixed interest rates.

Saskatchewan Housing Corporation
Notes to Consolidated Financial Statements

December 31, 2001

Note 12: Financial Instruments, Continued

Fair value of financial instruments

The fair value of financial instruments represents an approximation of amounts that would have been received or paid, calculated at the reporting date, to settle these instruments prior to maturity. Carrying amounts of financial instruments represent actual amounts recorded in the consolidated balance sheet.

The fair value of accounts receivable, cash and cash equivalents (short-term indebtedness), and accounts payable and accruals approximates the carrying amount of these instruments due to the short period to maturity. There are no significant terms or conditions related to these financial instruments that may affect the amount, timing or certainty of future cash flows.

For other financial instruments, the carrying amounts and estimated fair values are as follows (thousands):

	2001		2000	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Mortgages and loans	$ 4,660	$ 4,704	$ 4,826	$ 4,781
Long-term debt	137,688	139,502	181,062	187,943
Mortgage guarantees (note 15)	---	---	---	---

The estimated fair value of mortgages and loans, other than impaired accounts, is based on the present value of expected future cash flows discounted at the December 31 market rate of interest for like instruments with a similar term to renewal or maturity, as applicable. For impaired mortgages and loans, fair value approximates the carrying amount.

The estimated fair value of long-term debt is based on the present value of future cash flows discounted at the December 31 market rate of interest for Province of Saskatchewan or Government of Canada debt instruments with a similar maturity date, as applicable.

The calculations of estimated fair value are based on market conditions at a specific point in time, and may not be reflective of future fair values. The fair values of fixed-rate mortgages and loans and long-term debt will fluctuate as market interest rates change.

The fair value of mortgage guarantees is not reported as it is not practically determinable, since there is no market for these guarantees.

The carrying amount of life interest agreements as at December 31, 2001 is $2,432,000. The fair value of life interest agreements is not reported as it is not practically determinable, since there is no fixed repayment date for the individual agreements.

Saskatchewan Housing Corporation
Notes to Consolidated Financial Statements

December 31, 2001

Note 13: Operating Expenditures

(thousands)

	2001	2000
Maintenance and rejuvenation	$ 34,738	$ 37,595
Grants in lieu of property taxes	15,160	15,189
Utilities	14,964	13,214
Other operating	27,195	24,247
	$ 92,057	$ 90,245

Note 14: Interest Expense

(tabular amounts in thousands)

	2001	2000
Interest incurred	$ 19,717	$ 24,704
Less: Interest income	(959)	(1,543)
Interest capitalized	(444)	(399)
	$ 18,314	$ 22,762

Interest incurred includes $18,718,000 (2000 - $23,265,000) paid during the year, $2,163,000 (2000 - $2,185,000) credited to Deferred federal contributions and $44,000 (2000 - $62,000) credited to the Land profits holding account, less a reduction in accruals of $1,208,000 (2000 - $808,000).

Note 15: Contingencies

Saskatchewan Mortgage Guarantee Program

During 1986 and 1987 the Corporation provided mortgage guarantees to lenders financing certain new housing construction. As at December 31, 2001, a total of 63 (2000 - 78) mortgage guarantees were in effect, and the outstanding balance of mortgages guaranteed was $5,190,000 (2000 - $6,265,000).

Saskatchewan Housing Corporation
Notes to Consolidated Financial Statements

December 31, 2001

Note 16: Commitments

The Corporation had the following commitments as at December 31, 2001:

(a) Housing project construction costs of $4,573,000;

(b) Land development costs of $2,868,000;

(c) Rejuvenation expenditures of $2,179,000;

(d) Grants and subsidies:

The Corporation has issued commitments under various programs for grants or ongoing subsidy assistance to individual homeowners, developers, landlords, cooperatives and non-profit sponsors of housing. As at December 31, 2001 the Corporation's commitments for grants for which performance requirements have not been met by clients totaled $1,620,000. An estimate of the cost of ongoing subsidy assistance for the next five years is as follows (thousands):

2002	2003	2004	2005	2006
$ 22,500	$ 22,100	$ 21,900	$ 21,600	$ 20,900

Certain of the agreements for ongoing assistance have remaining terms of up to 28 years. However, uncertainty regarding future interest rates and other economic factors precludes reasonable estimation of the Corporation's obligations for ongoing assistance beyond a five-year period.

Saskatchewan Housing Corporation
Notes to Consolidated Financial Statements

December 31, 2001

Note 17: Related Party Transactions

Included in these consolidated financial statements are transactions with various Saskatchewan Crown corporations, departments, and agencies related to the Corporation by virtue of common control by the Government of Saskatchewan, collectively referred to as "related parties".

Transactions with related parties in the normal course of operations are settled at prevailing market prices under normal trade terms. These transactions are not significant to the Corporation's consolidated operations or financial position except as described below.

Expenditures include services provided by Saskatchewan Power Corporation (SaskPower) totaling $4,230,000 (2000 - $4,221,000) and services provided by SaskEnergy Incorporated (SaskEnergy) totaling $6,322,000 (2000 - $4,731,000). Investment in land for the year ended December 31, 2001 includes SaskPower charges of $12,000 (2000 - $21,000) and SaskEnergy charges of $13,000 (2000 - $35,000). Accounts payable and accruals includes $220,000 (2000 - $221,000) payable to SaskPower and $308,000 (2000 - $291,000) payable to SaskEnergy.

The Corporation pays Provincial Sales Tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of such purchases.

Interest expense incurred includes interest charges of $ 16,251,000 (2000 - $21,189,000) on long-term advances repayable to the General Revenue Fund. Accrued interest payable to the General Revenue Fund at December 31, 2001 totaled $ 3,006,000 (2000 - $4,222,000).

The Corporation has established a line of credit with the General Revenue Fund, allowing the Corporation to access up to $30,000,000 on a revolving basis. During the year ended December 31, 2001, the Corporation borrowed funds at interest rates from 2.17% to 4.37% and incurred interest expense of $48,000. As at December 31, 2001, $12,700,000 was outstanding under the line of credit facility.

The Department of Municipal Affairs and Housing provides management services to the Corporation. Charges are recorded for administration of housing operations and other programs within the scope of the Social Housing Agreement, and for delivery of programs within the scope of other agreements between the Corporation and CMHC. Amounts charged to the Corporation do not exceed related costs incurred by the Department of Municipal Affairs and Housing. These charges totaled $5,055,000 (2000 - $4,972,000) and are included in Expenditures. As at December 31, 2001, accounts payable and accruals included $160,000 (2000 - $185,000) payable to the Department of Municipal Affairs and Housing on account of the above charges, as well as other administrative recoveries.

Other transactions with and amounts due to related parties are described separately in these consolidated financial statements and the notes thereto.

Note 18: Comparative Information

Certain 2000 financial information has been reclassified to conform with the 2001 presentation.

AUDITORS' REPORT

To the Members of the Legislative Assembly, Province of Saskatchewan

We have audited the statement of financial position of Saskatchewan Property Management Corporation as at March 31, 2002, and the statements of revenue, expenses and net assets and cash flows for the year then ended. These financial statements are the responsibility of the corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at March 31, 2002, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in Canada.

Deloitte + Touche LLP

Chartered Accountants

Regina, Canada
May 13, 2002

Saskatchewan Property Management Corporation
Statement of Financial Position

As at March 31
(Thousands of dollars)

	2002			2001
	Operating	Capital	Total	Total
Assets				
Real estate investments (note 3)	23,338	316,345	339,683	347,124
Equipment (note 4)	-	38,392	38,392	33,111
Other assets (note 5)	13,699	-	13,699	11,039
Deferred charges	8,037	-	8,037	2,800
Accounts receivable	26,467	1,228	27,695	31,058
Cash and marketable securities	21,492	-	21,492	-
	93,033	355,965	448,998	425,132
Liabilities and net assets				
Bank overdraft	5,309	-	5,309	5,421
Capital lease obligations (note 6)	43,596	-	43,596	45,522
Accounts payable	27,054	1,084	28,138	16,847
Deferred revenue	4,307	-	4,307	-
Deferred capital contributions (note 7)	-	277,801	277,801	279,467
Long term liabilities (note 12)	10,042	-	10,042	3,348
Long term debt (note 13)	-	5,488	5,488	-
	90,308	284,373	374,681	350,605
Net assets	2,725	71,592	74,317	74,527
	93,033	355,965	448,998	425,132

Commitments and contingencies (notes 6 and 10)

(See accompanying notes)

On behalf of the Board:

Saskatchewan Property Management Corporation
Statement of Revenue, Expenses and Net Assets

For the year ended March 31

(Thousands of dollars)

	2002				2001
	Operating	**Capital**	**Total**	**Budget** (unaudited)	**Total**
Revenue (notes 7 and 14)					
Accommodation	127,634	15,382	143,016	114,639	123,641
Vehicles	29,815	-	29,815	28,445	26,237
Grants	19,904	-	19,904	21,719	16,221
Other services	30,985	384	31,369	24,055	23,934
	208,338	15,766	224,104	188,858	190,033
Expenses					
Lease	31,143	-	31,143	32,938	30,890
Property management (note 8)	96,360	-	96,360	73,241	72,818
Interest - capital lease	5,022	-	5,022	4,918	4,562
Depreciation	3,098	21,519	24,617	23,454	24,646
General operations (note 8)	65,915	-	65,915	55,333	52,986
	201,538	21,519	223,057	189,884	185,902
Excess of revenue (expenses) before:	6,800	(5,753)	1,047	(1,026)	4,131
Loss on capital assets	-	(1,257)	(1,257)	(200)	(3,379)
Excess of revenue (expenses)	6,800	(7,010)	(210)	(1,226)	752
Net assets, beginning of year	(8,073)	82,600	74,527		70,475
Transfer of SaskGeomatics (Note 16)	-	-	-		3,300
Transfer between funds	3,998	(3,998)	-		-
Net assets, end of year	2,725	71,592	74,317		74,527

(See accompanying notes)

Saskatchewan Property Management Corporation
Statement of Cash Flows
For the year ended March 31
(Thousands of dollars)

	2002	2001
Operating activities		
Excess of revenue (expenses)	(210)	752
Non-cash items affecting operations		
Depreciation	24,617	24,646
Amortization of deferred capital contributions	(15,766)	(19,375)
Loss on real estate & equipment	1,257	3,379
Changes in non-cash working capital		
Accounts receivable	3,363	(4,476)
Other assets	(2,660)	(4,001)
Accounts payable	11,291	2,813
Deferred Revenue	4,307	456
	26,199	4,194
Investing activities		
Purchases of real estate	(11,064)	(12,911)
Purchase of equipment	(12,258)	(12,199)
Proceeds from sale of real estate	765	3,110
Proceeds from sale of equipment	1,666	2,214
Investment in Energy Performance Contracts in deferred charges	(6,160)	(2,800)
	(27,051)	(22,586)
Financing activities		
Proceeds of deferred capital contributions	14,100	12,794
Repayment of capital lease obligations	(3,826)	(3,708)
Proceeds from long term liabilities	6,694	2,885
Proceeds from long term debt	5,488	-
	22,456	11,971
Increase in cash and marketable securities	21,604	(6,421)
Cash and marketable securities, beginning of year	(5,421)	1,000
Cash and marketable securities, end of year	16,183	(5,421)
Cash and marketable securities consist of:		
Bank overdraft	(5,309)	(5,421)
Cash and marketable securities with maturities less than 30 days (2.08%) (2001 – N/A)	21,492	-
	16,183	(5,421)

(See accompanying notes)

Saskatchewan Property Management Corporation
Notes to the Financial Statements
March 31, 2002
(Thousands of dollars)

1. Status of the corporation

The Saskatchewan Property Management Corporation ("SPMC" or "the corporation") was established under *The Crown Corporations Act, 1978*, by Order-in-Council #357-86 of 1986, and continues under *The Saskatchewan Property Management Corporation Act.* By virtue *of The Crown Corporations Act, 1993*, SPMC has been designated as a provincial Treasury Board Crown corporation. Accordingly, the financial results of the corporation are included in the summary financial statements of the Province of Saskatchewan. As a provincial Crown corporation, SPMC is not subject to federal income tax, provincial income tax, federal large corporations tax or goods and services tax

The corporation was established to provide a full range of accommodation, commercial and custodial services to government departments, agencies and Crown corporations.

2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

a) **Use of estimates**
The preparation of financial statements in conformity with Canadian generally accepted accounting principles required management to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

b) **Fund accounting**
The corporation's financial position and operating activities have been divided into the following major groupings:

i) Operating fund
The Operating fund includes net assets and income generated from the operations of the corporation. The Operating fund includes the capital assets under capital lease. Revenue includes charges for accommodation and commercial services and grants received from the Government of Saskatchewan - General Revenue Fund for custodial services. Expenses relate to the delivery of these services.

ii) Capital fund
The Capital fund includes the capital assets to which the corporation has legal title. Revenue consists of the annual amortized portion of contributions received from the Government of Saskatchewan - General Revenue Fund for the construction, purchase or development of capital assets (Note 2(c)).

Saskatchewan Property Management Corporation
Notes to the Financial Statements
March 31, 2002
(Thousands of dollars)

2. Significant accounting policies (continued)

c) Revenue recognition - Capital fund

Contributions received or receivable from the Government of Saskatchewan - General Revenue Fund for the construction, purchase or development of depreciable capital assets, including assets transferred from the Government of Saskatchewan - General Revenue Fund, are deferred and amortized to revenue on the same basis as the related capital asset is depreciated. Contributions received from the Government of Saskatchewan - General Revenue Fund for the purchase or development of non-depreciable capital assets such as land, including non-depreciable capital assets transferred from the Government of Saskatchewan - General Revenue Fund, are recognized as direct increases in the net asset balance in the year of acquisition.

Other amounts received or receivable from other sources during construction or development reduce the cost of the related asset.

d) Capital assets

i) Real estate investments

Properties contributed by the Government of Saskatchewan - General Revenue Fund are stated at appraised value approximating the government's depreciated historical cost at the date of transfer, determined by techniques generally accepted in the appraisal industry. Properties purchased or constructed by the corporation are stated at cost.

Properties acquired under capital lease arrangements are stated at the lesser of the present value of the minimum lease payments and the fair market value of the leased property.

The corporation capitalizes all direct costs relating to projects under construction including general, administrative and interest expenses. Demolition costs are expensed as incurred.

Depreciation on properties is recorded on a straight-line basis over their estimated useful lives. The estimated useful lives of buildings are between one and 55 years. The average estimated useful life approximates 20 years.

ii) Equipment

Equipment purchased by the corporation is stated at cost.

Depreciation on equipment is recorded on a straight-line basis over the estimated useful life of the asset. The estimated useful lives range from two to 10 years.

Capital assets that can no longer be used by the corporation for their intended purpose are written down to net realizable value.

e) Inventories of parts and supplies

Inventories of parts and supplies are stated at the lower of cost as determined on a first in, first out basis and replacement cost.

Saskatchewan Property Management Corporation
Notes to the Financial Statements
March 31, 2002
(Thousands of dollars)

2. Significant accounting policies (continued)

f) Cash and marketable securities
The corporation's marketable securities are considered to be cash equivalents and are recorded at cost, which approximates market value.

g) Deferred charges
Deferred charges are amortized on a straight-line basis over the term of the expected benefit.

h) Deferred Revenue
Deferred revenue represents funds received in advance of delivery of services.

3. Real estate investments

	2002			2001
	Land	**Buildings**	**Total**	**Total**
Operating fund				
In operation - under capital lease	-	64,101	64,101	64,026
Accumulated depreciation	-	(40,763)	(40,763)	(39,590)
	-	23,338	23,338	24,436
Capital fund				
In operation	45,627	449,961	495,588	498,052
Under construction	20	2,188	2,208	6,356
Held for disposal	420	331	751	1,080
	46,067	452,480	498,547	505,488
Accumulated depreciation	-	(182,202)	(182,202)	(182,800)
	46,067	270,278	316,345	322,688
	46,067	293,616	339,683	347,124

During 2002, the carrying value of real estate investments was reduced by 297 (2001 – 2,627) to reflect the reduced value of assets that can no longer be used by the corporation for their intended purpose.

No interest expense was capitalized during the year (2001 – Nil).

Saskatchewan Property Management Corporation
Notes to the Financial Statements
March 31, 2002
(Thousands of dollars)

4. Equipment

	2002			2001
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Capital fund				
Vehicles	53,169	(33,727)	19,442	20,323
Aircraft	20,391	(3,060)	17,331	11,685
Furniture	925	(474)	451	204
Other	1,954	(786)	1,168	899
	76,439	(38,047)	38,392	33,111

During the year, there was no reduction in the carrying value of equipment (2001 – 58).

5. Other assets

	2002	2001
Inventories of parts and supplies	4,454	5,149
Prepaid expenses	9,245	5,890
	13,699	11,039

6. Capital and operating lease obligations

Future minimum lease payments under capital leases for buildings and operating leases for buildings and vehicles are:

Fiscal year	Capital leases	Operating leases
2002-03	11,452	33,161
2003-04	10,950	29,200
2004-05	10,421	24,687
2005-06	8,996	17,451
2006-07	7,840	11,551
Subsequently	32,782	38,834
	82,441	154,884
Less:		
Interest implicit in leases at an average rate of 11.18%	24,263	
Executory costs	14,582	
	38,845	
	43,596	

Capital leases expire at various dates up to March 31, 2061.

Saskatchewan Property Management Corporation
Notes to the Financial Statements
March 31, 2002
(Thousands of dollars)

7. Deferred capital contributions

	2002	2001
Balance, beginning of year	279,467	280,413
Contributions received or receivable from the Government of Saskatchewan - General Revenue Fund	14,100	18,429
Contributions amortized to revenue	(15,766)	(19,375)
Balance, end of year	277,801	279,467

8. Expenses by object

Property management and general operations expenses on the Statement of Revenue, Expenses and Net Assets are reported by object as follows:

	2002	2001
Salaries and benefits	43,050	37,779
Goods and services for resale	40,685	32,504
Utilities	13,708	12,704
Property maintenance	8,456	10,132
Other property management	48,448	25,752
Other general operations	7,928	6,933
Total property management and general operations expenses	162,275	125,804

9. Comparison of budget and actual results

The Board of Directors approves the corporation's budget. The budget disclosed in the financial statements is restated to the accrual basis for comparative purposes.

Treasury Board and the Legislative Assembly approve the level of grant funding provided to the corporation.

10. Commitments and contingencies

At March 31, 2002 the corporation has construction and capital purchase commitments of 13,776 (2001 – 8,953).

SPMC holds a prepaid lease in the amount of 2,600 on property, and the owner of the building has defaulted on the mortgage. The ultimate impact of this event on the prepaid lease is not determinable at this time, therefore no amount has been recorded to reduce its value in the financial statements. Settlement of the outstanding amount is under review.

In the normal course of business, SPMC becomes involved in various claims and legal proceedings. The final outcome of claims and legal proceedings pending at March 31, 2002 cannot be predicted with certainty. The corporation has provided for these claims in accordance with the advice received from legal counsel. The differences that may arise, between the amounts included in the corporation's accounting records and future settlements, are not expected to have a significant impact on the corporation's financial position or operating results.

Saskatchewan Property Management Corporation
Notes to the Financial Statements
March 31, 2002
(Thousands of dollars)

11. Pension

Substantially all employees of the corporation are participants in either defined contribution or defined benefit pension plans.

Employees hired after October 1, 1977, make contributions to the Public Employees Pension Plan, a defined-contribution plan. Funding requirements are established by *The Superannuation (Supplementary Provisions) Act* and employee contributions are matched by the corporation.

The defined contribution pension plan expense for the year was 1,744 (2001 – 1,595)

Employees hired prior to October 1, 1977, who did not elect to transfer to the Public Employees Pension Plan by October 1, 1978, make contributions to the Public Service Superannuation Plan, a defined-benefit plan. The plan provides for pensions at retirement which are based on employees' years of service and their highest five years' earnings. The corporation does not make contributions to this plan. Pension obligations for this plan are the responsibility of the Government of Saskatchewan - General Revenue Fund.

12. Long Term Liability

Phase	Completion Date	Amount Advanced	Interest Rate	Annual Payment
1	January 31, 2002	2,583	6.50	24
2	Not complete	3,326	Prime + 1	n/a
3	Not complete	2,500	Prime + 1	n/a
4	Not complete	551	Prime + 1	n/a
5	Not yet started	n/a	n/a	n/a
		8,960		

The majority of the long-term liability relates to the financing of costs incurred under energy performance contracts. These contracts have been entered into by SPMC with a Saskatchewan Crown corporation (the Crown Corporation) for the purpose of reducing future operating costs. Interest on the long-term liability is at prime plus one percent (2002 yearend 4.75%) during the period in which work is being completed on each phase of the contract. Once a phase is completed, a fixed interest rate will be established and SPMC will begin making fixed monthly payments.

These energy performance contracts include guarantees by the Crown Corporation to SPMC as to the level of future operating costs reductions.

Saskatchewan Property Management Corporation
Notes to the Financial Statements
March 31, 2002
(Thousands of dollars)

13. Long Term Debt

Year Repayable	Annual Payment
2003	674
2004	674
2005	674
2006	674
2007	674
2008	674
2009	674

Under conditions attached to certain advances from the General Revenue Fund, the Corporation is required to pay annually into a sinking fund administered by the Saskatchewan Department of Finance. Annual payments of 674 are required, a sum equal to not less than 12¼% of the aggregate principle amount. These payments commence February 1, 2003 and are due each subsequent year on the same date up to and including February 1, 2009. At this time, the total amount of the sinking fund payments and the interest earned thereon will be applied to repay the debt in full. In addition, annual interest payments of 139 are due and payable commencing August 13, 2002 and are due every February 13th and August 13th thereafter until February 13, 2009 at the rate of 5.05% per annum.

14. Related party transactions

The corporation receives substantially all of its revenues from Saskatchewan Crown-controlled departments, agencies, corporations and public institutions. These revenues are determined primarily on the basis of recovery of costs incurred by the corporation. As a result, substantially all of the corporation's year-end accounts receivable are due from related departments, agencies, corporations and public institutions.

The corporation's financial statements include expenses such as rents, vehicle licenses, electrical and natural gas, telecommunication and data line (network) purchases, and employee benefit costs that result from routine operating transactions conducted at agreed upon rates with various related Saskatchewan Crown-controlled departments, agencies, corporations and public institutions.

The account balances resulting from purchases with related parties are included in the statement of financial position and are settled in normal trade terms. These transactions and amounts outstanding at year-end are as follows:

Saskatchewan Property Management Corporation
Notes to the Financial Statements
March 31, 2002
(Thousands of dollars)

14. Related party transactions (continued)

	2002	2001
Statement of Financial Position		
Other Assets	1,849	1,904
Capital lease obligations	7,767	8,131
Accounts payable	3,009	3,304
Statement of Revenue, Expenses and Net Assets		
Lease	1,425	1,643
Property management	14,096	12,123
Interest - capital lease	1,215	1,267
General operations	14,555	4,098

Other amounts payable to related parties and the terms of settlement are disclosed separately in these financial statements.

15. Financial instruments

	2002	2001
Capital lease obligations		
Carrying amount	43,596	45,522
Fair value	55,028	56,616

The fair value of the corporation's capital lease obligations is determined using year-end market rates. The carrying value of long term debt and long term liabilities approximate fair value as the interest rates are consistent with market rates at yearend. The carrying value of all other financial instruments including cash and marketable securities, accounts receivable and accounts payable approximates fair value as a result of the short period to maturity.

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. SPMC is not exposed to significant credit risk. The majority of the corporation's accounts receivable are owing from Saskatchewan Crown-controlled departments, agencies, corporations and public institutions.

16. Transfer of SaskGeomatics

Order-in-Council #730 of 1999 created the Saskatchewan Land Information Services Corporation, now called Information Services Corporation of Saskatchewan (ISC), a related party. ISC assumed responsibility for the SaskGeomatics program operated by SPMC. The assets and liabilities of the program were transferred to ISC effective January 1, 2000. SPMC has received full settlement for the transferred assets and liabilities, which has been reflected in the prior year financial statements.

17. Comparative Figures

Certain comparative figures have been restated to conform to the current year's financial statement presentation.

Auditors' Report

To the Members of the Legislative Assembly Province of Saskatchewan

We have audited the statement of financial position of Saskatchewan Wetland Conservation Corporation as at March 31, 2002 and the statements of revenue, expenses and net assets, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at March 31, 2002 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants
June 3, 2002
Regina, Saskatchewan

Statement of Financial Position

As at March 31, 2002

	2002 $	2001 $
ASSETS		
Current assets		
Accounts receivable	1,327,581	1,154,635
Prepaid expenses	13,840	18,564
	1,341,421	1,173,199
Capital assets, at cost (note 4)	5,376,197	5,350,605
Less: Accumulated amortization	154,149	135,607
	5,222,048	5,214,998
	6,563,469	6,388,197
LIABILITIES AND NET ASSETS		
Current liabilities		
Bank indebtedness	649,732	379,065
Accounts payable	304,206	322,070
Deferred revenue (note 6)	89,960	165,570
	1,043,898	866,705
Net assets		
Invested in capital assets	5,222,048	5,214,998
Unrestricted funds	297,523	306,494
	5,519,571	5,521,492
	6,563,469	6,388,197

(See accompanying notes to the financial statements)

Approved by the Board of Directors

Dale Hjertaas

Director

Gloria Parisien

Director

Statement of Revenues, Expenses and Net Assets

For the year ended March 31, 2002

	Budget (unaudited - see note 9) $	2002 $	2001 $
Revenue			
Canadian			
Government of Saskatchewan			
- General Revenue Fund	598,381	589,405	566,329
- Fish and Wildlife Development Fund	84,117	163,308	103,759
Canadian Wildlife Service	250,000	258,000	384,000
Prairie Farm Rehabilitation Administration	246,319	286,935	268,862
Environment Canada	380,000	457,199	29,815
Fisheries and Oceans Canada	-	48,883	-
Saskatchewan Stock Growers Association	35,900	35,590	344,000
Millennium Bureau of Canada	-	-	280,264
Wildlife Habitat Canada	35,548	36,444	48,000
Other Canadian	270,886	196,464	350,740
United States			
United States Fish and Wildlife Service	52,000	54,989	17,306
United States - Federal	155,918	159,275	-
United States - State	39,938	39,938	87,925
Unites States - Other	70,874	70,873	58,340
Deferred revenue related to capital funding (note 6)	-	(26,182)	-
	2,219,881	2,371,121	2,539,340
Other income (note 5)	25,000	67,767	35,460
	2,244,881	2,438,888	2,574,800
Expenses			
Program (Schedule 1)			
Agricultural services	105,600	88,792	65,508
Biological services	117,500	107,168	280,829
Communications and marketing	179,500	193,352	235,438
International programs	66,458	22,535	107,940
Prairie shores	252,278	241,543	130,474
Program co-ordination	314,900	432,712	304,937
Program development	95,000	104,258	71,626
Stewardship	750,536	864,958	805,754
	1,881,772	2,055,318	2,002,506
Payments to delivering partners (Grants)	363,109	365,724	512,536
Other			
Write down of assets	-	-	8,156
Amortization of capital assets	-	19,767	20,735
	2,244,881	2,440,809	2,543,933
(Deficiency) excess of revenue over expenses for the year	-	(1,921)	30,867
Net assets - Beginning of year	5,521,492	5,521,492	5,490,625
Net assets - End of year	5,521,492	5,519,571	5,521,492

(See accompanying notes to the financial statements)

Statement of Changes in Net Assets

For the year ended March 31, 2002

	Unrestricted $	Invested in Capital Assets $	2002 $	2001 $
Balance at beginning of year	306,494	5,214.998	5,521.492	5,490.625
Revenues	2,437,146	1,742	2,438,888	2,574,800
Operating expenses	(2,421.042)	-	(2,421.042)	(2.515,042)
Amortization and write down of capital assets	-	(19.767)	(19.767)	(28,891)
Excess (deficiency) of revenue over expenses	16.104	(18,025)	(1,921)	30,867
Acquisition of capital assets	(27,924)	27,924	-	-
Disposal of capital assets	2.849	(2,849)	-	-
	297,523	5,222,048	5.519,571	5.521,492

(See accompanying notes to the financial statements)

Statement of Cash Flows

For the year ended March 31, 2002

	2002 $	2001 $
CASH PROVIDED BY (USED IN)		
Operating activities		
(Deficiency) excess of revenue over expenses for the year	(1,921)	30,867
Items not affecting cash		
Amortization of capital assets	19,767	20,735
Amortization of deferred revenue	(1,742)	-
Write-down of capital assets	-	8,156
	16,104	59,758
Net change in non-cash working capital items (note 7)	(261,696)	(43,210)
	(245,592)	16,548
Investing activities		
Purchase of capital assets	(27,924)	(46,577)
Disposal of capital assets	2,849	-
	(25,075)	(46,577)
Financing activities		
Net increase bank indebtedness	270,667	30,029
Cash - Beginning of year	-	-
Cash - End of year	-	-

(See accompanying notes to the financial statements)

Notes to Financial Statements

March 31, 2002

1 Incorporation and reporting of Saskatchewan Wetland Conservation Corporation

Saskatchewan Wetland Conservation Corporation was incorporated by Order-in-council December 21, 1989 under the Crown Corporations Act, 1978. The corporation's mandate under the incorporation Order in-council is to co-ordinate the delivery of the North American Waterfowl Management Plan in Saskatchewan. The North American Waterfowl Management Plan was formally adopted on May 14, 1986 by the Federal Governments of Canada and the United States as a plan for conservation of internationally shared waterfowl resources.

Under the authority of Order-in-council No. 29/90 dated January 10, 1990, Saskatchewan Wetland Conservation Corporation holds responsibility to co-ordinate or account for the collection and disbursements of monies related to programs or activities undertaken in Saskatchewan pursuant to the North American Waterfowl Management Plan. These financial statements report only those monies designated to be collected and distributed through the accounts of the corporation.

2 Summary of significant accounting policies

The financial statements are prepared in accordance with Canadian generally accepted accounting principles. The following are considered to be significant:

Capital assets

Capital assets purchased by the Corporation are recorded at cost. Capital assets are amortized on a declining balance basis as follows:

Equipment and furniture	20%
ATV and trailers	30%
Computer equipment	30%

Donated property is recorded at fair value when the fair value can be reasonably determined. When an estimate of fair value cannot reasonably be made, the capital asset is recorded at nominal value.

Amounts received from funding partners to finance the purchase of capital assets is deferred and amortized on the same basis the related capital asset is depreciated.

Revenue recognition

The Corporation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

3 Related party transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies, boards and commissions related to the Corporation by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan (collectively referred to as "related parties").

Routine operating transactions with related parties are settled at prevailing market prices under normal trade terms. These transactions and amounts outstanding at year end, are as follows:

	2002 $	2001 $
Revenue	740,213	694,013
Expenses	306,202	233,865
Accounts receivable	1,094	66,000
Accounts payable and accrued liabilities	23,373	20,894
Deferred revenue	-	60,000

Other amounts and transactions due to and from related parties and the terms of settlement are described separately in these financial statements and the notes thereto.

Notes to Financial Statements

4 Capital assets

			2002	2001
	Cost $	Accumulated amortization $	Net $	Net $
Land	13,750	-	13,750	6,000
Donated land and transfers	5,141,589	-	5,141,589	5,141,589
Equipment and furniture	68,337	43,834	24,503	18,143
ATV and trailers	73,348	65,441	7,907	11,295
Computer equipment	78,283	44,874	33,409	37,081
Artwork	890	-	890	890
	5,376,197	154,149	5,222,048	5,214,998

5 Other income

Other income is comprised as follows:

	2002 $	2001 $
Donations	500	2,000
Interest earned	914	4,716
Miscellaneous revenues including exchange gain	31,206	5,544
Crown land fees and permits	35,147	23,200
	67,767	35,460

6 Deferred revenue

At year-end, the Corporation has received funding for various projects but has not yet completed the projects. The Corporation has also received funding for the purchase of capital assets which will be amortized on the same basis as the related capital asset is depreciated. Revenue deferred to cover expenses associated with those projects and capital assets is as follows:

	2002 $	2001 $
Deferred project funding		
TransCanada Pipeline	43,923	61,077
Saskatchewan Environment Resource Management	-	60,000
Saskatchewan Stock Growers Association	-	10,900
Other	19,855	33,593
	63,778	165,570
Deferred capital funding	27,924	-
Amortization of deferred capital funding	(1,742)	-
	26,182	-
	89,960	165,570

Notes to Financial Statements

7 Net change in non-cash working capital items

	2002	2001
	$	$
Accounts receivable	(172,946)	(73,240)
Prepaid expenses	4,724	(7.033)
Accounts payable	(17,864)	35.022
Deferred revenue	(75.610)	2.041
	(261,696)	(43,210)

8 Financial instruments

The Corporation's recognized financial instruments consist of bank indebtedness, accounts receivable and accounts payable. Due to the short term nature of these instruments, their fair value approximates their carrying value.

9 Budget figures

The budget figures are presented for comparison purposes, are unaudited, and are those as approved by the Board, reclassified to conform with the presentation of these financial statements.

Schedule 1 - Program Expenses

	Departments								Year ended March 31	
	Agricultural services	Biological services	Communication & marketing	International programs	Prairie shores	Program co-ordination	Program development	Stewardship	2002	2001
	$	$	$	$	$	$	$	$	$	$
Contractual services	729	615	30,187	-	16,450	49,787	-	124,139	221,907	224.217
Field supplies	13.809	1,273	151	36	37,649	467	201	167,265	220,851	158.941
General expenses	26.004	3,001	29,712	46	13.111	73,477	66	48,036	193,453	209.405
Office expenses	1,839	19,369	21,314	983	1,991	34,602	516	20,223	100,837	121.612
Salaries and benefits	38.267	65,220	105,588	20,420	161,464	246.112	25,950	466,028	1,129,049	1,165,418
Travel and other staff costs	8,144	17,690	6,400	1,050	10,878	28,267	77,525	39,267	189,221	122,913
	88.792	107,168	193,352	22,535	241,543	432,712	104,258	864,958	2.055,318	2,002.506

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the balance sheet of the Doukhobors of Canada C.C.U.B. Trust Fund Board as at May 31, 2001 and the statement of revenue, expense and unrestricted fund balance for the year then ended. The Board's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at May 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
October 16, 2001

Fred Wendel, CMA, CA
Acting Provincial Auditor

Statement 1

DOUKHOBORS OF CANADA C.C.U.B. TRUST FUND BOARD
BALANCE SHEET
As at May 31

	2001	2000
ASSETS		
Cash in bank	$ 182	$ 71
Investments (Schedule 1)	291,351	290,357
Accrued interest receivable	10,129	9,745
Total assets	$ 301,662	$ 300,173
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	$ 718	$ 805
Fund Balance		
Restricted (Note 3)	267,500	267,500
Unrestricted (Statement 2)	33,444	31,868
Total fund balance	300,944	299,368
Total liabilities and fund balance	$ 301,662	$ 300,173

(See accompanying notes to the financial statements)

Statement 2

DOUKHOBORS OF CANADA C.C.U.B. TRUST FUND BOARD
STATEMENT OF REVENUE, EXPENSE AND UNRESTRICTED FUND BALANCE
For the Year Ended May 31

	2001	2000
REVENUE:		
Investment interest	$ 19,428	$ 19,529
EXPENSE:		
Grants	13,898	14,001
Board expense	3,235	1,264
Sundry expense	719	806
Total expense	17,852	16,071
Excess of revenue over expense for the year	1,576	3,458
Unrestricted Fund, beginning of year	31,868	28,410
Unrestricted Fund, end of year (Statement 1)	$ 33,444	$ 31,868

(See accompanying notes to the financial statements)

DOUKHOBORS OF CANADA C.C.U.B. TRUST FUND BOARD
NOTES TO THE FINANCIAL STATEMENTS
May 31, 2001

1. Significant Accounting Policies

The financial statements are prepared on the accrual basis of accounting and include the following significant accounting policies:

a) Investments

Investments are recorded at amortized cost. Premiums/discounts are amortized over the term of the investment. Where there has been a loss in value of an investment that is other than a temporary decline, the investment is written down to recognize the loss.

b) Grant Commitments

Grant commitments are recorded as expenses when approved by the Board. Should any grants committed remain unpaid at the year end they are reflected as a liability on the balance sheet.

2. Incorporation

The Doukhobors of Canada C.C.U.B. Trust Fund Board was incorporated under *The Doukhobors of Canada C.C.U.B. Trust Fund Act*. This Act came into force by proclamation of the Lieutenant Governor on June 29, 1980. On June 3, 1982, by Order in Council #882 the Lieutenant Governor in Council appointed a chairman and a vice-chairman of the Board, and the Board commenced operations.

The purpose of the Board is to administer the Doukhobors of Canada C.C.U.B. Trust Fund and to make grants from this Fund to recognized non-profit organizations which are dedicated to establishing and maintaining the heritage and culture of the Doukhobors of Canada.

3. Restricted Fund Balance

The Fund was initially created from surplus funds arising out of the liquidation of assets of the C.C.U.B. Ltd. in the amount of $222,078 plus interest of $45,422 totalling $267,500. According to *The Doukhobors of Canada C.C.U.B. Trust Fund Act* only the investment income on this $267,500 will be made available for expenditure by the Board.

4. Financial Instruments

a) Significant terms and conditions

There are no significant terms and conditions related to cash in bank, accrued interest receivable or accounts payable that may affect the amount, timing and certainty of future cash flows. Significant terms and conditions for the other financial instruments are disclosed separately in these financial statements.

b) Credit Risk

The Board invests in bonds and debentures that are either government-backed or covered by the Canadian Deposit Insurance Corporation. In addition, investments are made in accordance with *The Pension Benefits Standards Regulations, 1985.*

c) Fair Value

The carrying amounts of these financial instruments approximate fair value due to their immediate or short-term nature:

- cash in bank;
- accrued interest receivable; and
- accounts payable.

Schedule 1

DOUKHOBORS OF CANADA C.C.U.B. TRUST FUND BOARD
SCHEDULE OF INVESTMENTS
As at May 31, 2001

Description	Interest Rate	Maturity Date	Cost
Sask. Svgs. Bond Ser. 9	5.750%	July 15/05	$ 48,400
Kamsack Credit Union - Term Deposit	3.100%	July 27/01	$ 5,874
Sunlife Savings & Mortgage	5.750%	July 16/04	$ 40,000
Province of Ontario	8.000%	Mar. 11/03	$ 46,697
Province of Quebec	7.500%	Dec. 1/03	$ 44,965
Province of Alberta	6.375%	June 1/04	$ 50,262
Farm Credit Canada	6.500%	June 15/04	$ 40,000
TD Bank - Term Deposit	4.800%	Aug. 8/01	$ 5,107
TD Bank - Term Deposit	4.300%	Oct. 10/01	$ 1,885
TD Bank – Term Deposit	4.000%	Jan. 8/02	$ 4,600
TD Bank – Term Deposit	2.800%	Apr. 5/02	$ 3,561
			$ 291,351

The market value of the investments at May 31, 2001 was $299,372

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Office of the Rentalsman - Rentalsman's Trust Account as at March 31, 2002 and the statement of changes in trust account balance for the year then ended. The Office of the Rentalsman's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Office of the Rentalsman - Rentalsman's Trust Account as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
June 20, 2002

Fred Wendel, CMA, CA
Provincial Auditor

Statement 1

OFFICE OF THE RENTALSMAN - RENTALSMAN'S TRUST ACCOUNT
STATEMENT OF FINANCIAL POSITION
As at March 31

	2002	2001
ASSETS		
Due from General Revenue Fund (Note 4)	$ 33,919	$ 37,836
Total assets	$ 33,919	$ 37,836
LIABILITIES		
Security deposits held in trust	$ 19,119	$ 23,336
Application fees payable - Department of Justice	14,800	14,500
Total liabilities	$ 33,919	$ 37,836

(See accompanying notes to the financial statements)

Statement 2

OFFICE OF THE RENTALSMAN - RENTALSMAN'S TRUST ACCOUNT
STATEMENT OF CHANGES IN TRUST ACCOUNT BALANCE
For the Year Ended March 31

	2002	2001
SECURITY DEPOSITS HELD IN TRUST/ APPLICATION FEES		
Receipts from landlords or tenants	$ 319,764	$ 515,714
Payments to landlords or tenants	(136,821)	(369,841)
Application fee payments to Department of Justice	(186,860)	(172,440)
Balance, beginning of year	37,836	64,403
Balance, end of year to Statement 1	$ 33,919	$ 37,836

(See accompanying notes to the financial statements)

OFFICE OF THE RENTALSMAN - RENTALSMAN'S TRUST ACCOUNT NOTES TO THE FINANCIAL STATEMENTS

March 31, 2002

1. Legislative Authority

Pursuant to provisions of *The Residential Tenancies Act*, the Office of the Rentalsman - Rentalsman's Trust Account was established for the purpose of receiving and disbursing monies, under Section 35, Section 47 and Section 65 of *The Residential Tenancies Act*.

2. Accounting Policies

The financial statements are prepared in accordance with Canadian generally accepted accounting principles.

3. Related Party Transactions

In accordance with established government practice, the Rentalsman's Trust Account has not been charged with any administrative costs and no provision for such costs are reflected in these statements. These costs are borne by the Department of Justice from monies appropriated by the Legislature for such purposes.

Under Section 6(1) of The Residential Tenancies Regulations, 1992, applications are subject to an application fee which is recorded as revenue for the Department of Justice. This fee is included in receipts and payments of the Rentalsman's Trust Account.

4. Due from General Revenue Fund

The Office of the Rentalsman - Rentalsman's Trust bank account is included in the Consolidated Offset Bank Concentration (COBC) arrangement for the Government of Saskatchewan. No interest is paid into this account by the General Revenue Fund.

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Provincial Mediation Board Trust Accounts as at March 31, 2002 and the statement of receipts, disbursements and trust account balances for the year then ended. The Provincial Mediation Board's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Provincial Mediation Board Trust Accounts as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred Wendel, CMA, CA
Provincial Auditor

Regina, Saskatchewan
May 28, 2002

Statement 1

THE PROVINCIAL MEDIATION BOARD TRUST ACCOUNTS
STATEMENT OF FINANCIAL POSITION
As at March 31

	2002	2001
ASSETS		
Due from General Revenue Fund (Note 4)	$ 251,385	$ 113,751
Total assets	$ 251,385	$ 113,751
LIABILITIES		
Trust account balances (Statement 2)		
Orderly payment of debts program	$ 213,071	$ 93,174
Consumer proposals	16,455	14,154
Mediation of debts program	19,979	5,483
Tax enforcement proceedings	1,880	940
Total liabilities	$ 251,385	$ 113,751

(See accompanying notes to the financial statements)

Statement 2

THE PROVINCIAL MEDIATION BOARD TRUST ACCOUNTS STATEMENT OF RECEIPTS, DISBURSEMENTS AND TRUST ACCOUNT BALANCES
For the Year Ended March 31

	2002	2001
ORDERLY PAYMENT OF DEBTS PROGRAM		
Receipts from clients	$1,226,290	$ 984,004
Payments to creditors	(939,007)	(916,704)
Payments to Department of Justice	(167,386)	(163,790)
Increase (Decrease) in Trust Balance	119,897	(96,490)
Balance, beginning of year	93,174	189,664
Balance, end of year to Statement 1	$ 213,071	$ 93,174
CONSUMER PROPOSALS		
Receipts from clients	$ 65,500	$ 89,823
Interest from General Revenue Fund (Note 4)	637	1,275
Payments to creditors	(57,266)	(79,613)
Payments to Department of Justice	(6,570)	(8,002)
Increase in Trust Balance	2,301	3,483
Balance, beginning of year	14,154	10,671
Balance, end of year to Statement 1	$ 16,455	$ 14,154
MEDIATION OF DEBTS PROGRAM		
Receipts from clients	$ 97,468	$ 90,501
Payments to creditors	(76,607)	(91,280)
Payments to Department of Justice	(6,365)	(7,363)
Increase (Decrease) in Trust Balance	14,496	(8,142)
Balance, beginning of year	5,483	13,625
Balance, end of year to Statement 1	$ 19,979	$ 5,483
TAX ENFORCEMENT PROCEEDINGS		
Receipts from property owners	$ 17,010	$ 17,720
Payments to municipalities	(310)	(840)
Payments to Department of Justice	(15,760)	(17,760)
Increase (Decrease) in Trust Balance	940	(880)
Balance, beginning of year	940	1,820
Balance, end of year to Statement 1	$ 1,880	$ 940
BUDGETING ASSISTANCE		
Receipts from clients	$ 2,290	
Payments to creditors	(2,290)	
Balance, end of year	0	

(See accompanying notes to the financial statements)

THE PROVINCIAL MEDIATION BOARD TRUST ACCOUNTS
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2002

1. Legislative Authority

The Trust Accounts were established for the purpose of receiving and disbursing monies for persons who have entered into negotiations for the settlement of debts, either through *The Provincial Mediation Board Act*, *The Tax Enforcement Act*, Orderly Payment of Debts Regulations or through the Consumer Proposals Program.

2. Accounting Policies

These financial statements are prepared in accordance with Canadian generally accepted accounting principles.

3. Related Party Transactions

In accordance with established government practice, the Trust Accounts have not been charged with any administrative costs and no provision for such costs is reflected in these statements. These costs are borne by the Department of Justice from monies appropriated by the Legislature for such purposes.

Under Parts III and X of *The Bankruptcy and Insolvency Act*, the Consumer Proposals and the Orderly Payment of Debts Consolidation Orders are subject to application and administration fees which are recorded as revenue for the Department of Justice. These fees are included in the receipts and payments under the Orderly Payment of Debts Program, Consumer Proposals, Mediation of Debts Program and Tax Enforcement Proceedings.

4. Due From General Revenue Fund

The Provincial Mediation Board's bank accounts are included in the Consolidated Offset Bank Concentration (COBC) arrangement for the Government of Saskatchewan.

The bank account set up to handle Consumer Proposals earns interest that is calculated and paid by the General Revenue Fund on a quarterly basis into the Trust's bank account using the Government's 30 day borrowing rate and the Trust's average daily bank account balance. Interest is allocated to clients based on their balances.

No interest is paid into the bank account used for the remaining programs.

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of net assets of the Public Employees Deferred Salary Leave Fund as at December 31, 2001 and the statement of changes in net assets for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the net assets of the Fund as at December 31, 2001 and the changes in net assets for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
January 21, 2002

Fred Wendel, CMA, CA
Acting Provincial Auditor

PUBLIC EMPLOYEES DEFERRED SALARY LEAVE FUND STATEMENT OF NET ASSETS

STATEMENT 1

AS AT DECEMBER 31

	2001	2000
ASSETS		
Contributions receivable (Note 6)	$ 88,063	$ -
Investments (Note 3)	2,166,626	2,078,532
Total assets	$2,254,689	$2,078,532
NET ASSETS (Statement 2)	$2,254,689	$2,078,532

(See accompanying notes to the financial statements)

PUBLIC EMPLOYEES DEFERRED SALARY LEAVE FUND STATEMENT OF CHANGES IN NET ASSETS

STATEMENT 2

YEAR ENDED DECEMBER 31

	2001		2000
	Budget (Note 4)	Actual	Actual
INCREASE IN ASSETS			
Contributions	$1,200,000	$1,191,315	$1,100,307
Interest Revenue (Note 3)	110,000	108,067	102,602
Total increase in assets	1,310,000	1,299,382	1,202,909
DECREASE IN ASSETS			
Redemptions	1,050,000	1,015,158	935,348
Interest (Note 3)	110,000	104,827	99,602
Service fees	3,240	3,240	3,000
Total decrease in assets	1,163,240	1,123,225	1,037,950
Increase in net assets	146,760	176,157	164,959
NET ASSETS, BEGINNING OF YEAR	2,078,532	2,078,532	1,913,573
NET ASSETS, END OF YEAR (Statement 1)	$2,225,292	$2,254,689	$2,078,532

(See accompanying notes to the financial statements)

PUBLIC EMPLOYEES DEFERRED SALARY LEAVE FUND
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2001

1. Description of Fund

The Public Employees Deferred Salary Leave Plan (Plan) was established on April 4, 1989 and continues under subsection 64(2) of *The Financial Administration Act, 1993* (Act). The Public Employees Deferred Salary Leave Fund is used to account for the transactions of the Plan.

The Plan is managed by the Public Employees Benefits Agency (PEBA). Pursuant to the Act, PEBA is allowed to enter into an agreement with another party to provide administrative services for the Plan. The Plan is administered under the terms of an agreement with Clarica Pension and Group Savings (formerly administered by Royal Trust Corporation of Canada). The Plan allows participating employees to defer a portion of their salary for a period of twelve to seventy-two months. The deferred salary must then be used in financing a leave of absence for any reason for durations of six to twelve months, subject to the approval of the employer and the terms and conditions of the Plan.

Plan participants are employees of the Public Service of Saskatchewan, as defined by *The Public Service Act* and certain Saskatchewan Crown agencies, whose participation in the Plan has been approved by the Lieutenant Governor in Council. The plan participants consist of: Members of the Public Service of Saskatchewan, Judges of the Provincial Court, Saskatchewan Legal Aid Commission, Saskatchewan Power Corporation, Saskatchewan Property Management Corporation, Saskatchewan Telecommunications Holding Corporation, Saskatchewan Water Corporation, Keewatin Yathe District Health Board, Mamawetan Churchill River District Health Board, and Moose Jaw/Thunder Creek District Health Board.

The Plan is a prescribed plan pursuant to regulation 6801 of the *Income Tax Act*.

2. Significant Accounting Policies

These financial statements are prepared in accordance with Canadian generally accepted accounting principles.

3. Investments

The portion of salary deferred is held in GIC deposit accounts maintained for each participating employee. Interest revenue is allocated to individual member accounts based on the weighted average of the interest rates the bank pays for GIC deposits which is 5.27% for 2001 (5.32% in 2000). Each plan participant is also charged a service fee. On December 31, interest for the year is paid to each participating employee.

Due to their short-term nature, the fair value of these investments approximates their market value.

4. Budget

The Public Employees Benefits Agency prepares and approves the budget.

5. Subsequent Event

Effective January 17, 2002 the Plan's custodian agreement with Clarica Pension and Group Savings was terminated and a new custodian was appointed. As a result, the investments held with Clarica were liquidated and interest of $55,566 will be paid to the members of the Plan in 2002.

6. Contributions Receivable

Contributions receivable relate to December 2001 contributions which were not received until January 2002.

Due to their short-term nature, the fair value of these receivables approximates their carrying value.

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the balance sheet of the Public Trustee for Saskatchewan as at March 31, 2000 and the statements of common fund undistributed earnings and changes in trust funds for the year then ended. The Public Trustee's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Public Trustee as at March 31, 2000 and the results of its operations and the changes in its trust funds for the year then ended in accordance with generally accepted accounting principles.

Regina, Saskatchewan
August 16, 2002

Fred Wendel, CMA, CA
Provincial Auditor

PUBLIC TRUSTEE FOR SASKATCHEWAN
ESTATES AND TRUSTS UNDER ADMINISTRATION
BALANCE SHEET
AS AT MARCH 31,

Statement 1

		2000		1999
ASSETS				
Cash and Due from General Revenue Fund (Note 5)	$	353,841	$	1,661,035
Accrued Interest Receivable		1,266,527		1,209,392
Other Accounts Receivables		12,675		-
Common Fund Securities (Schedule 1 & Note 4)		128,312,612		123,359,485
Individual Trust Assets (Schedule 2 & Note 9)		16,094,197		9,559,416
TOTAL ASSETS	$	146,039,852	$	135,789,328
LIABILITIES				
Current Liabilities				
Accounts Payable (Note 6)	$	3,101,404	$	3,261,633
Mortgages and Loans Payable		162,629		-
Total Liabilities		3,264,033		3,261,633
Trust Equity				
Trust Equity		126,148,320		115,058,215
Undistributed Earnings (Statement 2)		16,627,499		17,469,480
		142,775,819		132,527,695
TOTAL LIABILITIES AND TRUST EQUITY	$	146,039,852	$	135,789,328

(See Accompanying Notes to the Financial Statements)

PUBLIC TRUSTEE FOR SASKATCHEWAN
ESTATES AND TRUSTS UNDER ADMINISTRATION
STATEMENT OF COMMON FUND UNDISTRIBUTED EARNIINGS
FOR THE YEAR ENDED MARCH 31,

Statement 2

		2000	1999
REVENUE			
Interest and Dividend Income	$	5,207,437 $	5,877,936
Realized Gains, Losses and Market Value Appreciation (Note 3)		6,237,294	2,885,946
		11,444,731	8,763,882
Less: Management Fees		(262,517)	(205,713)
Earnings Available for Distribution		11,182,214	8,558,169
Distributed Earnings			
Interest and Dividends		(4,221,393)	(5,766,534)
Realized and Unrealized Capital Gains		(7,802,802)	(7,130,478)
Undistributed Earnings Previous Year		17,469,480	21,808,323
UNDISTRIBUTED EARNINGS, END OF YEAR	$	16,627,499 $	17,469,480

(See Accompanying Notes to the Financial Statements)

PUBLIC TRUSTEE FOR SASKATCHEWAN
ESTATES AND TRUSTS UNDER ADMINISTRATION
STATEMENT OF CHANGES IN TRUST FUNDS
FOR THE YEAR ENDED MARCH 31,

Statement 3

	2000	1999
Trust Funds Acquired		
Cash	$ 11,311,925	$ 14,609,519
Non-Cash Assets	7,938,153	(591,670)
Revenue Earned on Behalf of Trusts		
Common Fund Earnings Available for Distribution (Statement 2)	11,182,214	8,558,169
Individual	132,624	40,301
Pension Benefits	11,913,166	11,257,610
Property Rentals	388,775	713,386
Miscellaneous	3,597,748	3,176,761
Total Trust Funds Acquired	46,464,605	37,764,076
Trust Funds Expended		
Released Client Accounts		
Cash	17,175,204	18,802,021
Payments Made on Behalf of Clients		
Maintenance and Other Expenses	15,986,546	15,809,770
Administrative Fees (Note 3)	3,054,731	2,347,221
Total Trust Funds Expended	36,216,481	36,959,012
Increase in Trust Funds	10,248,124	805,064
Balance, Beginning of Year	132,527,695	131,722,631
TRUST FUNDS, END OF YEAR (Statement 1)	$ 142,775,819	$ 132,527,695

(See Accompanying Notes to the Financial Statements)

PUBLIC TRUSTEE FOR SASKATCHEWAN
ESTATES AND TRUSTS UNDER ADMINISTRATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2000

1. Authority and Purpose

Effective April 1, 1984 the Office of the Public Trustee for Saskatchewan was established pursuant to *The Public Trustee Act*.

Section 3(1) of *The Public Trustee Act* states; "The Public Trustee is established as a corporation sole under the name of the Public Trustee for Saskatchewan."

Section 3(3) of *The Public Trustee Act* states; "The public trustee is the successor in office to: (a) the Official Guardian appointed pursuant to *The Infants Act*; and (b) the Administrator of Estates appointed pursuant to *The Administration of Estates of the Mentally Disordered Persons Act*."

In addition, effective November 12, 1992, the Public Trustee became the official administrator for each judicial centre pursuant to *The Queen's Bench Act*.

The purpose of the Office is to protect vulnerable persons with the primary functions being:

a) Administering the property and finances of adults who are mentally incompetent;
b) Protecting property rights of children under the age of eighteen; and
c) Administering the affairs of deceased persons.

2. Scope of the Financial Statements

These financial statements reflect the assets and liabilities of estates and trusts under the administration of the Public Trustee. In addition, these financial statements reflect the annual changes in those assets and liabilities including;

a) revenue earned on behalf of clients;
b) income entitlements received on behalf of clients;
c) new client account additions;
d) released client withdrawals;
e) payment of client assets to estates;
f) maintenance and other payments made on behalf of clients; and
g) administration fees payable to the Office of the Public Trustee for Saskatchewan.

The operations of the Office of the Public Trustee are included in the annual report of the Department of Justice.

PUBLIC TRUSTEE FOR SASKATCHEWAN
ESTATES AND TRUSTS UNDER ADMINISTRATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2000

3. Significant Accounting Policies

These financial statements are prepared in accordance with Canadian generally accepted accounting principles. Preparation of financial statements in accordance with Canadian generally accepted accounting policies requires management to make estimates and assumptions in determining the reported amounts for assets and liabilities. Actual results could differ from management's best estimates as additional information becomes available. The following policies are considered significant.

Common Fund Securities and Income Recognition

Pursuant to Section 47(1) of *The Public Trustee Act,* "the public trustee shall place monies received by him pursuant to this Act in a common fund and shall, subject to the approval of the Investment Board, invest in the name of the public trustee that part of the common fund which in his opinion is not immediately required for the maintenance and education of infants or the management of the affairs of the persons for whom the public trustee is property guardian."

Common fund securities, primarily bonds, debentures and shares, are stated at market value. Market value is determined with reference to closing year end sale prices from recognized security dealers. In the absence of recorded sales, market value is determined by reference to closing year end bid and ask prices.

Short term investments are stated at cost which approximates market value.

Income earned on common fund securities is recorded using the accrual basis of accounting with amounts earned in the fiscal year but not received prior to the year end reflected as accrued interest receivable.

Individual Trust Securities

Individual trust securities, primarily term deposits, bonds and RRSP accounts are initially stated at par value at the date the Public Trustee assumes control of the securities. For financial statement purposes, these securities are adjusted to the market value annually using the most recent valuation information available prior to March 31. Adjustments between the most recent available information and March 31 of each year for a particular client are likely minimal and would effect the value of the asset and the trust liability equally.

Shares are initially recorded at the market value at the time the Public Trustee assumes responsibility for control of the investment. Subsequent increases or decreases in the market value are reflected in the trust accounts annually. Where a market value for a share is not readily available, the shares are recorded for accountability purposes at a nominal value of $1.

PUBLIC TRUSTEE FOR SASKATCHEWAN
ESTATES AND TRUSTS UNDER ADMINISTRATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2000

Other Assets

Other assets consist of commodities, real estate, personal property, life insurance policies, pension plans and annuity contracts and are stated at the following values:

a) **Commodities** are stated at market value which is determined annually with reference to the estimated final delivery price for the particular commodity.
b) **Real estate,** including real estate holdings for infants where the Public Trustee is appointed property guardian, are initially recorded at appraised value at the date the Public Trustee assumes control of the asset or at cost if the real estate is purchased on behalf of clients by the Public Trustee. Real estate values are adjusted to appraised value from time to time. If no valuation information is available, these assets are recorded at a nominal value of $1.
c) **Miscellaneous Personal Property** is stated at amounts determined from information available to the Public Trustee at the date the Public Trustee assumes control of the assets. Subsequent adjustments are made if additional valuation information is received. If no valuation is available, these assets are recorded at a nominal value of $1.
d) **Life Insurance Policies** that carry a cash surrender value are stated at the cash surrender value as determined with reference to the most recent valuation information available prior to March 31. Policies that do not carry a cash surrender value are stated at a nominal value of $1.
e) **Pension Plans and Annuity Contracts** are stated at residual value as determined with reference to the most recent valuation information available prior to March 31 of each year. Pension plans and annuity contracts with no residual value are stated at a nominal value of $1.

Accounts, Mortgages and Loans Payable

Accounts, mortgages and loans payable represent encumbrances of client assets that are payable to independent third parties. These client obligations are settled as client resources become available. In some cases, a client's liabilities exceed the stated value of their assets. These items are included as accounts payable and are paid as the resources of the client become available to do so.

Administration Fees

Pursuant to the provisions of *The Public Trustee Regulations, 1999,* the Public Trustee may charge a fee for services performed in the management of client accounts. Such fees charged are payable to the General Revenue Fund of the Province of Saskatchewan.

PUBLIC TRUSTEE FOR SASKATCHEWAN
ESTATES AND TRUSTS UNDER ADMINISTRATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2000

4. Common Fund Securities

Common Fund Securities are invested through a single "common" fund to ensure consistency of return among clients. The investment objectives of the common fund are to achieve at least market returns with prudent risk diversification, with the potential for enhanced returns through active investment management for a majority of the portfolio. The Public Trustee recognizes that there are diverse time horizons for their clients and that capital preservation is of primary concern. The employed investment objectives include a multiple asset, total return approach which values all types of investment income equally, a moderate income requirement to supplement other liquidity sources, a requirement for stability and maximization of return and a degree of inflation protection and capital appreciation.

The Public Trustee recognizes that, by their nature, investments carry with them certain risks. The investment policy employed by the Public Trustee is designed to mitigate these risks as much as possible by placing restrictions on the overall content and quality of the permitted investments. The following describes the risks associated with the investment portfolio, managed through an investment manager, by the Public Trustee.

Price Risk

Price risk refers to the potential that the value of investments will fluctuate as a result of foreign currency, interest rate and general market changes.

The value of the common fund investments will fluctuate with changes in foreign currency, interest rate and general market changes. To mitigate these risks the Public Trustee works with an investment manager that actively manages asset class allocations through a balanced fund approach. The employed investment policy limits foreign currency exposure by permitting a maximum of 40% foreign investment with a stated benchmark of 26% foreign investment. The policy also limits market risk by permitting a maximum of 50% equity investment, including foreign equities with a benchmark of 40% equity investment. The Public Trustee manages interest rate risk by limiting the quantity and quality of interest rate sensitive investments to a maximum of 100% of the portfolio with a benchmark of 60% fixed income securities. Market risk is managed by taking a conservative prudent approach to investment.

Credit and Liquidity Risk

Credit and liquidity risk arises from the potential for an investee to fail or for an issuer to default on its obligations to the Common Fund. The Public Trustee mitigates this risk by limiting the quantity and quality of the permitted investments to high quality, highly rated equity investments and highly rated fixed income securities.

PUBLIC TRUSTEE FOR SASKATCHEWAN
ESTATES AND TRUSTS UNDER ADMINISTRATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2000

5. Due from the General Revenue Fund

The Public Trustee operating bank account is included in the Consolidated Offset Bank Concentration arrangement for the Government of Saskatchewan. Interest earned on the balance attributed to the Public Trustee is calculated and paid quarterly into the Public Trustee's operating account using the Government's thirty day borrowing rate and the Public Trustee's average daily bank account balance. The Government's average thirty day borrowing rate for 2000 is 5.08% (1999 – 5.04%)

6. Accounts Payable

Accounts payable consist of the following balances:

	2000	1999
Accounts Payable to Third Parties	$ 3,022,743	$ 1,185,865
Administration Fees Payable to the Public Trustee	78,661	2,075,768
	$ 3,101,404	$ 3,261,633

7. Common Fund Earnings Distributions

Common fund investments generate interest, dividend, realized and unrealized capital gains income. Pursuant to Section 5 and 6 of *The Public Trustee Regulations, 1999*, interest and dividend income earned on the Common Fund investments is distributed to client trust accounts monthly. In addition, on a monthly basis, the Public Trustee sets the distributable capital gains and losses, pursuant to Section 11 of *The Public Trustee Regulations, 1999*, as the greater of the potential capital gains, calculated pursuant to Section 9 of the regulations, or the realized capital gains, calculated pursuant to Section 7 of the regulations. Realized capital gains and losses are calculated by taking the proceeds of sale of investment assets minus the adjusted cost base of that particular asset. The potential capital gains or losses are calculated by adding 1/48th of the current month realized capital gains or losses plus the change in market value for that month plus 1/47th of the previous 47 months potential capital gain or loss amount. The Public Trustee distributes the greater of the two calculated amounts to client accounts on a monthly basis.

PUBLIC TRUSTEE FOR SASKATCHEWAN
ESTATES AND TRUSTS UNDER ADMINISTRATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2000

8. Related Party Transactions

Administration

In accordance with Section 53 of *The Public Trustee Act*, all general administrative and employee costs required for the administration of the Office of the Public Trustee are paid out of the General Revenue Fund of the Province of Saskatchewan.

Investments

The Public Trustee holds 846,435 units, representing 11.5% of the total units outstanding, in Greystone Non North American Fund, an investment fund investing in foreign markets.

Account balances resulting from the above transactions are included in the statement of common fund revenue, distributed and undistributed earnings, and are in the normal course of operations and are recorded at rates charged by Greystone Managed Investment Inc.

9. Comparative Figures

During the year an extensive review of client assets and liabilities was conducted by the Public Trustee. The intent of the review was to update the values for these assets and liabilities at March 31, 2000 to ensure the transition to the newly implemented financial system was accurate. This review resulted in adjustments to the values and amounts of client assets and liabilities presented in the 2000 financial statements. The adjustment to these values has not been applied retroactively as the amounts at March 31, 1999 are not readily determinable.

PUBLIC GUARDIAN AND TRUSTEE FOR SASKATCHEWAN
ESTATES AND TRUSTS UNDER ADMINISTRATION
SCHEDULE OF COMMON FUND SECURITIES
MARCH 31,

SCHEDULE 1

	2000		1999	
	$	% of Portfolio	$	% of Portfolio
Bonds and Debentures				
Government of Canada	51,842,247	40.40%	50,571,639	41.00%
Province of Saskatchewan	525,512	0.41%	1,612,821	1.31%
Other Provinces	15,621,604	12.17%	14,887,291	12.07%
Corporations	12,193,281	9.50%	12,815,053	10.39%
Total Bonds and Debentures*	80,182,644		79,886,804	
Greystone Non-North American Fund	14,781,299	11.52%	11,081,861	8.98%
Other Equities	30,841,108	24.03%	27,970,118	22.67%
Short Term Investments*	2,507,561	1.95%	4,420,702	3.58%
TOTAL COMMON FUND SECURITIES	$ 128,312,612		$ 123,359,485	

* All investments held are Canadian

PUBLIC GUARDIAN AND TRUSTEE FOR SASKATCHEWAN
ESTATES AND TRUSTS UNDER ADMINISTRATION
INDIVIDUAL TRUST ASSETS
MARCH 31,

SCHEDULE 2

	2000	1999
Accounts Receivables and Insurance	$ 2,311,353	$ 379,365
Commodities	61,394	-
Individual Investments	6,132,875	4,225,270
Personal Property	1,422,232	-
Real Estate	6,166,343	4,954,781
Total Individual Trust Assets	$ 16,094,197	$ 9,559,416

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the balance sheet of the Public Trustee for Saskatchewan as at March 31, 2001 and the statements of common fund undistributed earnings and changes in trust funds for the year then ended. The Public Trustee's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Public Trustee as at March 31, 2001 and the results of its operations and the changes in its trust funds for the year then ended in accordance with generally accepted accounting principles.

Regina, Saskatchewan
August 30, 2002

Fred Wendel, CMA, CA
Provincial Auditor

PUBLIC TRUSTEE FOR SASKATCHEWAN
ESTATES AND TRUSTS UNDER ADMINISTRATION
BALANCE SHEET
MARCH 31,

Statement 1

		2001		2000
ASSETS				
Cash and Due from General Revenue Fund (Note 5)	$	2,660,228	$	353,841
Accrued Interest Receivable		1,123,039		1,266,527
Other Accounts Receivables		273,388		12,675
Common Fund Securities (Schedule 1 & Note 4)		123,239,669		128,312,612
Individual Trust Assets (Schedule 2)		19,147,271		16,094,197
TOTAL ASSETS	$	146,443,595	$	146,039,852
LIABILITIES				
Current Liabilities				
Accounts Payable (Note 6)	$	3,191,329	$	3,101,404
Mortgages and Loans Payable		312,515		162,629
Total Liabilities		3,503,844		3,264,033
Trust Equity				
Trust Equity		137,136,060		126,148,320
Undistributed Earnings (Statement 2)		5,803,691		16,627,499
		142,939,751		142,775,819
TOTAL LIABILITIES AND TRUST EQUITY	$	146,443,595	$	146,039,852

(See Accompanying Notes to the Financial Statements)

PUBLIC TRUSTEE FOR SASKATCHEWAN
ESTATES AND TRUSTS UNDER ADMINISTRATION
STATEMENT OF COMMON FUND UNDISTRIBUTED EARNINGS
FOR THE YEAR ENDED MARCH 31, Statement 2

	2001	2000
REVENUE		
Interest and Dividend Income	$ 5,910,880	$ 5,207,437
Realized Gains, Losses and Market Value Appreciation (Note 3)	(573,168)	6,237,294
	5,337,712	11,444,731
Less: Management Fees	(221,333)	(262,517)
Earnings Available for Distribution	5,116,379	11,182,214
Distributed Earnings		
Interest and Dividends	(5,296,230)	(4,221,393)
Realized and Unrealized Capital Gains	(10,643,957)	(7,802,802)
Undistributed Earnings Previous Year	16,627,499	17,469,480
UNDISTRIBUTED EARNINGS, END OF YEAR	$ 5,803,691	$ 16,627,499

(See Accompanying Notes to the Financial Statements)

PUBLIC TRUSTEE FOR SASKATCHEWAN
ESTATES AND TRUSTS UNDER ADMINISTRATION
STATEMENT OF CHANGES IN TRUST FUNDS
FOR THE YEAR ENDED MARCH 31,

Statement 3

	2001	2000
Trust Funds Acquired		
Cash	$ 6,138,629	$ 11,311,925
Non-Cash Assets	5,980,739	7,938,153
Revenue Earned on Behalf of Trusts		
Common Fund Earnings Available for Distribution (Statement 2)	5,116,379	11,182,214
Individual	404,246	132,624
Pension Benefits	13,996,820	11,913,166
Property Rentals	324,938	388,775
Miscellaneous	5,870,738	3,597,748
Total Trust Funds Acquired	37,832,489	46,464,605
Trust Funds Expended		
Released Client Accounts		
Cash	19,136,956	17,175,204
Payments Made on Behalf of Clients		
Maintenance and Other Expenses	15,010,648	15,986,546
Administrative Fees (Note 3)	3,520,953	3,054,731
Total Trust Funds Expended	37,668,557	36,216,481
Increase in Trust Funds	163,932	10,248,124
Balance, Beginning of Year	142,775,819	132,527,695
TRUST FUNDS, END OF YEAR (Statement 1)	$ 142,939,751	$ 142,775,819

(See Accompanying Notes to the Financial Statements)

PUBLIC TRUSTEE FOR SASKATCHEWAN
ESTATES AND TRUSTS UNDER ADMINISTRATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2001

1. Authority and Purpose

Effective April 1, 1984 the Office of the Public Trustee for Saskatchewan was established pursuant to *The Public Trustee Act*.

Section 3(1) of *The Public Trustee Act* states; "The Public Trustee is established as a corporation sole under the name of the Public Trustee for Saskatchewan."

Section 3(3) of *The Public Trustee Act* states; "The public trustee is the successor in office to: (a) the Official Guardian appointed pursuant to *The Infants Act*; and (b) the Administrator of Estates appointed pursuant to *The Administration of Estates of the Mentally Disordered Persons Act.*"

In addition, effective November 12, 1992, the Public Trustee became the official administrator for each judicial centre pursuant to *The Queen's Bench Act*.

The purpose of the Office is to protect vulnerable persons with the primary functions being:

a) Administering the property and finances of adults who are mentally incompetent;
b) Protecting property rights of children under the age of eighteen; and
c) Administering the affairs of deceased persons.

2. Scope of the Financial Statements

These financial statements reflect the assets and liabilities of estates and trusts under the administration of the Public Trustee. In addition, these financial statements reflect the annual changes in those assets and liabilities including;

a) revenue earned on behalf of clients;
b) income entitlements received on behalf of clients;
c) new client account additions;
d) released client withdrawals;
e) payment of client assets to estates;
f) maintenance and other payments made on behalf of clients; and
g) administration fees payable to the Office of the Public Trustee for Saskatchewan.

The operations of the Office of the Public Trustee are included in the annual report of the Department of Justice.

PUBLIC TRUSTEE FOR SASKATCHEWAN
ESTATES AND TRUSTS UNDER ADMINISTRATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2001

3. Significant Accounting Policies

These financial statements are prepared in accordance with Canadian generally accepted accounting principles. Preparation of financial statements in accordance with Canadian generally accepted accounting policies requires management to make estimates and assumptions in determining the reported amounts for assets and liabilities. Actual results could differ from management's best estimates as additional information becomes available. The following policies are considered significant.

Common Fund Securities and Income Recognition

Pursuant to Section 47(1) of *The Public Trustee Act*, "the public trustee shall place monies received by him pursuant to this Act in a common fund and shall, subject to the approval of the Investment Board, invest in the name of the public trustee that part of the common fund which in his opinion is not immediately required for the maintenance and education of infants or the management of the affairs of the persons for whom the public trustee is property guardian."

Common fund securities, primarily bonds, debentures and shares, are stated at market value. Market value is determined with reference to closing year end sale prices from recognized security dealers. In the absence of recorded sales, market value is determined by reference to closing year end bid and ask prices.

Short term investments are stated at cost which approximates market value.

Income earned on common fund securities is recorded using the accrual basis of accounting with amounts earned in the fiscal year but not received prior to the year end reflected as accrued interest receivable.

Individual Trust Securities

Individual trust securities, primarily term deposits, bonds and RRSP accounts are initially stated at par value at the date the Public Trustee assumes control of the securities. For financial statement purposes, these securities are adjusted to the market value annually using the most recent valuation information available prior to March 31. Adjustments between the most recent available information and March 31 of each year for a particular client are likely minimal and would effect the value of the asset and the trust liability equally.

Shares are initially recorded at the market value at the time the Public Trustee assumes responsibility for control of the investment. Subsequent increases or decreases in the market value are reflected in the trust accounts annually. Where a market value for a share is not readily available, the shares are recorded for accountability purposes at a nominal value of $1.

PUBLIC TRUSTEE FOR SASKATCHEWAN
ESTATES AND TRUSTS UNDER ADMINISTRATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2001

Other Assets

Other assets consist of commodities, real estate, personal property, life insurance policies, pension plans and annuity contracts and are stated at the following values:

a) **Commodities** are stated at market value which is determined annually with reference to the estimated final delivery price for the particular commodity.
b) **Real estate,** including real estate holdings for infants where the Public Trustee is appointed property guardian, are initially recorded at appraised value at the date the Public Trustee assumes control of the asset or at cost if the real estate is purchased on behalf of clients by the Public Trustee. Real estate values are adjusted to appraised value from time to time. If no valuation information is available, these assets are recorded at a nominal value of $1.
c) **Miscellaneous Personal Property** is stated at amounts determined from information available to the Public Trustee at the date the Public Trustee assumes control of the assets. Subsequent adjustments are made if additional valuation information is received. If no valuation is available, these assets are recorded at a nominal value of $1.
d) **Life Insurance Policies** that carry a cash surrender value are stated at the cash surrender value as determined with reference to the most recent valuation information available prior to March 31. Policies that do not carry a cash surrender value are stated at a nominal value of $1.
e) **Pension Plans and Annuity Contracts** are stated at residual value as determined with reference to the most recent valuation information available prior to March 31 of each year. Pension plans and annuity contracts with no residual value are stated at a nominal value of $1.

Accounts, Mortgages and Loans Payable

Accounts, mortgages and loans payable represent encumbrances of client assets that are payable to independent third parties. These client obligations are settled as client resources become available. In some cases, a client's liabilities exceed the stated value of their assets. These items are included as accounts payable and are paid as the resources of the client become available to do so.

Administration Fees

Pursuant to the provisions of *The Public Trustee Regulations, 1999*, the Public Trustee may charge a fee for services performed in the management of client accounts. Such fees charged are payable to the General Revenue Fund of the Province of Saskatchewan.

PUBLIC TRUSTEE FOR SASKATCHEWAN
ESTATES AND TRUSTS UNDER ADMINISTRATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2001

4. Common Fund Securities

Common Fund Securities are invested through a single "common" fund to ensure consistency of return among clients. The investment objectives of the common fund are to achieve at least market returns with prudent risk diversification, with the potential for enhanced returns through active investment management for a majority of the portfolio. The Public Trustee recognizes that there are diverse time horizons for their clients and that capital preservation is of primary concern. The employed investment objectives include a multiple asset, total return approach which values all types of investment income equally, a moderate income requirement to supplement other liquidity sources, a requirement for stability and maximization of return and a degree of inflation protection and capital appreciation.

The Public Trustee recognizes that, by their nature, investments carry with them certain risks. The investment policy employed by the Public Trustee is designed to mitigate these risks as much as possible by placing restrictions on the overall content and quality of the permitted investments. The following describes the risks associated with the investment portfolio, managed through an investment manager, by the Public Trustee.

Price Risk

Price risk refers to the potential that the value of investments will fluctuate as a result of foreign currency, interest rate and general market changes.

The value of the common fund investments will fluctuate with changes in foreign currency, interest rate and general market changes. To mitigate these risks the Public Trustee works with an investment manager that actively manages asset class allocations through a balanced fund approach. The employed investment policy limits foreign currency exposure by permitting a maximum of 40% foreign investment with a stated benchmark of 26% foreign investment. The policy also limits market risk by permitting a maximum of 50% equity investment, including foreign equities with a benchmark of 40% equity investment. The Public Trustee manages interest rate risk by limiting the quantity and quality of interest rate sensitive investments to a maximum of 100% of the portfolio with a benchmark of 60% fixed income securities. Market risk is managed by taking a conservative prudent approach to investment.

Credit and Liquidity Risk

Credit and liquidity risk arises from the potential for an investee to fail or for an issuer to default on its obligations to the Common Fund. The Public Trustee mitigates this risk by limiting the quantity and quality of the permitted investments to high quality, highly rated equity investments and highly rated fixed income securities.

PUBLIC TRUSTEE FOR SASKATCHEWAN
ESTATES AND TRUSTS UNDER ADMINISTRATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2001

5. Due from the General Revenue Fund

The Public Trustee operating bank account is included in the Consolidated Offset Bank Concentration arrangement for the Government of Saskatchewan. Interest earned on the balance attributed to the Public Trustee is calculated and paid quarterly into the Public Trustee's operating account using the Government's thirty day borrowing rate and the Public Trustee's average daily bank account balance. The Government's average thirty day borrowing rate for 2001 is 5.59% (2000 – 5.08%)

6. Accounts Payable

Accounts payable consist of the following balances:

	2001	2000
Accounts Payable to Third Parties	$ 960,876	$ 3,022,743
Administration Fees Payable to the Public Trustee	2,230,453	78,661
	$ 3,191,329	$ 3,101,404

7. Common Fund Earnings Distributions

Common fund investments generate interest, dividend, realized and unrealized capital gains income. Pursuant to Section 5 and 6 of *The Public Trustee Regulations, 1999*, interest and dividend income earned on the Common Fund investments is distributed to client trust accounts monthly. In addition, on a monthly basis, the Public Trustee sets the distributable capital gains and losses, pursuant to Section 11 of *The Public Trustee Regulations, 1999,* as the greater of the potential capital gains, calculated pursuant to Section 9 of the regulations, or the realized capital gains, calculated pursuant to Section 7 of the regulations. Realized capital gains and losses are calculated by taking the proceeds of sale of investment assets minus the adjusted cost base of that particular asset. The potential capital gains or losses are calculated by adding 1/48th of the current month realized capital gains or losses plus the change in market value for that month plus 1/47th of the previous 47 months potential capital gain or loss amount. The Public Trustee distributes the greater of the two calculated amounts to client accounts on a monthly basis.

PUBLIC TRUSTEE FOR SASKATCHEWAN
ESTATES AND TRUSTS UNDER ADMINISTRATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2001

8. Related Party Transactions

Administration

In accordance with Section 53 of *The Public Trustee Act*, all general administrative and employee costs required for the administration of the Office of the Public Trustee are paid out of the General Revenue Fund of the Province of Saskatchewan.

PUBLIC TRUSTEE FOR SASKATCHEWAN
ESTATES AND TRUSTS UNDER ADMINISTRATION
SCHEDULE OF COMMON FUND SECURITIES
MARCH 31,

SCHEDULE 1

	2001		2000	
	$	% of Portfolio	$	% of Portfolio
Bonds and Debentures				
Government of Canada	39,902,026	32.38%	51,842,247	40.40%
Province of Saskatchewan	1,181,038	0.96%	525,512	0.41%
Other Provinces	16,738,271	13.58%	15,621,604	12.17%
Corporations	15,941,304	12.94%	12,193,281	9.50%
Total Bonds and Debentures*	73,762,639		80,182,644	
Greystone Non-North American Fund	9,070,764	7.36%	14,781,299	11.52%
Other Equities				
Canadian	22,308,431	18.10%	19,549,911	15.25%
Foreign	12,204,640	9.90%	11,291,197	8.80%
Short Term Investments*	5,893,195	4.78%	2,507,561	1.95%
TOTAL COMMON FUND SECURITIES	$ 123,239,669		$ 128,312,612	

* All investments held are Canadian

	2001		2000	
Total Canadian Investments	$ 101,964,265	82.74%	102,240,116	79.68%
Total Foreign Investments	21,275,404	17.26%	26,072,496	20.32%
TOTAL COMMON FUND SECURITIES	$ 123,239,669		$ 128,312,612	

PUBLIC TRUSTEE FOR SASKATCHEWAN
ESTATES AND TRUSTS UNDER ADMINISTRATION
INDIVIDUAL TRUST ASSETS
MARCH 31,

SCHEDULE 2

	2001	2000
Accounts Receivables	$ 1,708,807	$ 2,311,353
Commodities	80,729	61,394
Individual Investments	8,939,564	6,132,875
Personal Property and Insurance	1,741,681	1,422,232
Real Estate	6,676,490	6,166,343
Total Individual Trust Assets	$ 19,147,271	$ 16,094,197

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the balance sheet of the Public Trustee for Saskatchewan as at March 31, 2002 and the statements of common fund undistributed earnings and changes in trust funds for the year then ended. The Public Trustee's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Public Trustee as at March 31, 2002 and the results of its operations and the changes in its trust funds for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
September 11, 2002

Fred Wendel, CMA, CA
Provincial Auditor

PUBLIC TRUSTEE FOR SASKATCHEWAN
ESTATES AND TRUSTS UNDER ADMINISTRATION
BALANCE SHEET
As at MARCH 31,

Statement 1

		2002		2001
ASSETS				
Cash and Due from General Revenue Fund (Note 5)	$	1,476,993	$	2,660,228
Accrued Interest Receivable		1,028,461		1,123,039
Other Accounts Receivables		-		273,388
Common Fund Securities (Schedule 1 & Note 4)		118,960,303		123,239,669
Individual Trust Assets (Schedule 2)		21,636,328		19,147,271
TOTAL ASSETS	$	143,102,085	$	146,443,595
LIABILITIES				
Current Liabilities				
Accounts Payable (Note 6)	$	2,123,349	$	3,191,329
Mortgages and Loans Payable		265,776		312,515
Total Liabilities		2,389,125		3,503,844
Trust Equity				
Trust Equity		138,534,534		137,136,060
Undistributed Earnings (Statement 2)		2,178,426		5,803,691
		140,712,960		142,939,751
TOTAL LIABILITIES AND TRUST EQUITY	$	143,102,085	$	146,443,595

(See Accompanying Notes to the Financial Statements)

PUBLIC TRUSTEE FOR SASKATCHEWAN
ESTATES AND TRUSTS UNDER ADMINISTRATION
STATEMENT OF COMMON FUND UNDISTRIBUTED EARNINGS
FOR THE YEAR ENDED MARCH 31, Statement 2

	2002	2001
REVENUE		
Interest and Dividend Income	$ 5,138,639	$ 5,910,880
Realized Gains, Losses and Market Value Appreciation (Note 3)	(188,046)	(573,168)
	4,950,593	5,337,712
Less: Management Fees	(216,302)	(221,333)
Earnings Available for Distribution	4,734,291	5,116,379
Distributed Earnings		
Interest and Dividends (Note 7)	(4,996,548)	(5,296,230)
Realized and Unrealized Capital Gains (Note 7)	(3,363,008)	(10,643,957)
Undistributed Earnings Previous Year	5,803,691	16,627,499
UNDISTRIBUTED EARNINGS, END OF YEAR	$ 2,178,426	$ 5,803,691

(See Accompanying Notes to the Financial Statements)

PUBLIC TRUSTEE FOR SASKATCHEWAN
ESTATES AND TRUSTS UNDER ADMINISTRATION
STATEMENT OF CHANGES IN TRUST FUNDS
FOR THE YEAR ENDED MARCH 31,

Statement 3

	2002	2001
Trust Funds Acquired		
Cash	$ 6,043,673	$ 6,138,629
Non-Cash Assets	6,272,563	5,980,739
Revenue Earned on Behalf of Trusts		
Common Fund Earnings Available for Distribution (Statement 2)	4,734,291	5,116,379
Individual	952,152	404,246
Pension Benefits	14,283,906	13,996,820
Property Rentals	393,832	324,938
Miscellaneous	5,118,276	5,870,738
Total Trust Funds Acquired	37,798,693	37,832,489
Trust Funds Expended		
Released Client Accounts		
Cash	9,884,010	19,136,956
Payments Made on Behalf of Clients		
Maintenance and Other Expenses	27,757,621	15,010,648
Administrative Fees (Note 3)	2,383,853	3,520,953
Total Trust Funds Expended	40,025,484	37,668,557
Increase (decrease) in Trust Funds	(2,226,791)	163,932
Balance, Beginning of Year	142,939,751	142,775,819
TRUST FUNDS, END OF YEAR (Statement 1)	$ 140,712,960	$ 142,939,751

(See Accompanying Notes to the Financial Statements)

PUBLIC TRUSTEE FOR SASKATCHEWAN
ESTATES AND TRUSTS UNDER ADMINISTRATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2002

1. Authority and Purpose

Effective April 1, 1984 the Office of the Public Trustee for Saskatchewan was established pursuant to *The Public Trustee Act*.

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The purpose of the Office is to protect vulnerable persons with the primary functions being:

a) Administering the property and finances of adults who are mentally incompetent;
b) Protecting property rights of children under the age of eighteen; and
c) Administering the affairs of deceased persons.

2. Scope of the Financial Statements

These financial statements reflect the assets and liabilities of estates and trusts under the administration of the Public Trustee. In addition, these financial statements reflect the annual changes in those assets and liabilities including:

a) revenue earned on behalf of clients;
b) income entitlements received on behalf of clients;
c) new client account additions;
d) released client withdrawals;
e) payment of client assets to estates;
f) maintenance and other payments made on behalf of clients; and
g) administration fees payable to the Office of the Public Trustee for Saskatchewan.

The operations of the Office of the Public Trustee are included in the annual report of the Department of Justice.

PUBLIC TRUSTEE FOR SASKATCHEWAN
ESTATES AND TRUSTS UNDER ADMINISTRATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2002

3. Significant Accounting Policies

These financial statements are prepared in accordance with Canadian generally accepted accounting principles. Preparation of financial statements in accordance with Canadian generally accepted accounting policies requires management to make estimates and assumptions in determining the reported amounts for assets and liabilities. Actual results could differ from management's best estimates as additional information becomes available. The following policies are considered significant.

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Common fund securities, primarily bonds, debentures and shares, are stated at market value. Market value is determined with reference to closing year end sale prices from recognized security dealers. In the absence of recorded sales, market value is determined by reference to closing year end bid and ask prices.

Short term investments are stated at cost which approximates market value.

Income earned on common fund securities is recorded using the accrual basis of accounting with amounts earned in the fiscal year but not received prior to the year end reflected as accrued interest receivable.

Individual Trust Securities

Individual trust securities, primarily term deposits, bonds and RRSP accounts are initially stated at par value at the date the Public Trustee assumes control of the securities. For financial statement purposes, these securities are adjusted to the market value annually using the most recent valuation information available prior to March 31. Adjustments between the most recent available information and March 31 of each year for a particular client are likely minimal and would effect the value of the asset and the trust liability equally.

Shares are initially recorded at the market value at the time the Public Trustee assumes responsibility for control of the investment. Subsequent increases or decreases in the market value are reflected in the trust accounts annually. Where a market value for a share is not readily available, the shares are recorded for accountability purposes at a nominal value of $1.

PUBLIC TRUSTEE FOR SASKATCHEWAN
ESTATES AND TRUSTS UNDER ADMINISTRATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2002

Other Assets

Other assets consist of commodities, real estate, personal property, life insurance policies, pension plans and annuity contracts and are stated at the following values:

a) **Commodities** are stated at market value which is determined annually with reference to the estimated final delivery price for the particular commodity.
b) **Real estate**, including real estate holdings for infants where the Public Trustee is appointed property guardian, are initially recorded at appraised value at the date the Public Trustee assumes control of the asset or at cost if the real estate is purchased on behalf of clients by the Public Trustee. Real estate values are adjusted to appraised value from time to time. If no valuation information is available, these assets are recorded at a nominal value of $1.
c) **Miscellaneous Personal Property** is stated at amounts determined from information available to the Public Trustee at the date the Public Trustee assumes control of the assets. Subsequent adjustments are made if additional valuation information is received. If no valuation is available, these assets are recorded at a nominal value of $1.
d) **Life Insurance Policies** that carry a cash surrender value are stated at the cash surrender value as determined with reference to the most recent valuation information available prior to March 31. Policies that do not carry a cash surrender value are stated at a nominal value of $1.
e) **Pension Plans and Annuity Contracts** are stated at residual value as determined with reference to the most recent valuation information available prior to March 31 of each year. Pension plans and annuity contracts with no residual value are stated at a nominal value of $1.

Accounts, Mortgages and Loans Payable

Accounts, mortgages and loans payable represent encumbrances of client assets that are payable to independent third parties. These client obligations are settled as client resources become available. In some cases, a client's liabilities exceed the stated value of their assets. These items are included as accounts payable and are paid as the resources of the client become available to do so.

Administration Fees

Pursuant to the provisions of *The Public Trustee Regulations, 1999*, the Public Trustee may charge a fee for services performed in the management of client accounts. Such fees charged are payable to the General Revenue Fund of the Province of Saskatchewan.

PUBLIC TRUSTEE FOR SASKATCHEWAN
ESTATES AND TRUSTS UNDER ADMINISTRATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2002

4. Common Fund Securities

Common Fund Securities are invested through a single "common" fund to ensure consistency of return among clients. The investment objectives of the common fund are to achieve at least market returns with prudent risk diversification, with the potential for enhanced returns through active investment management for a majority of the portfolio. The Public Trustee recognizes that there are diverse time horizons for their clients and that capital preservation is of primary concern. The employed investment objectives include a multiple asset, total return approach which values all types of investment income equally, a moderate income requirement to supplement other liquidity sources, a requirement for stability and maximization of return and a degree of inflation protection and capital appreciation.

The Public Trustee recognizes that, by their nature, investments carry with them certain risks. The investment policy employed by the Public Trustee is designed to mitigate these risks as much as possible by placing restrictions on the overall content and quality of the permitted investments. The following describes the risks associated with the investment portfolio, managed through an investment manager, by the Public Trustee.

Price Risk

Price risk refers to the potential that the value of investments will fluctuate as a result of foreign currency, interest rate and general market changes.

The value of the common fund investments will fluctuate with changes in foreign currency, interest rate and general market changes. To mitigate these risks the Public Trustee works with an investment manager that actively manages asset class allocations through a balanced fund approach. The employed investment policy limits foreign currency exposure by permitting a maximum of 40% foreign investment with a stated benchmark of 26% foreign investment. The policy also limits market risk by permitting a maximum of 50% equity investment, including foreign equities with a benchmark of 40% equity investment. The Public Trustee manages interest rate risk by limiting the quantity and quality of interest rate sensitive investments to a maximum of 100% of the portfolio with a benchmark of 60% fixed income securities. Market risk is managed by taking a conservative prudent approach to investment.

Credit and Liquidity Risk

Credit and liquidity risk arises from the potential for an investee to fail or for an issuer to default on its obligations to the Common Fund. The Public Trustee mitigates this risk by limiting the quantity and quality of the permitted investments to high quality, highly rated equity investments and highly rated fixed income securities.

PUBLIC TRUSTEE FOR SASKATCHEWAN
ESTATES AND TRUSTS UNDER ADMINISTRATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2002

5. Due from the General Revenue Fund

The Public Trustee operating bank account is included in the Consolidated Offset Bank Concentration arrangement for the Government of Saskatchewan. Interest earned on the balance attributed to the Public Trustee is calculated and paid quarterly into the Public Trustee's operating account using the Government's thirty day borrowing rate and the Public Trustee's average daily bank account balance. The Government's average thirty day borrowing rate for 2002 is 3.58% (2001 – 5.59%)

6. Accounts Payable

Accounts payable consist of the following balances:

	2002	2001
Accounts Payable to Third Parties	$ 820,803	$ 960,876
Administration Fees Payable to the Public Trustee	1,302,546	2,230,453
	$ 2,123,349	$ 3,191,329

7. Common Fund Earnings Distributions

Common fund investments generate interest, dividend, realized and unrealized capital gains income. Pursuant to Section 5 and 6 of *The Public Trustee Regulations, 1999*, interest and dividend income earned on the Common Fund investments is distributed to client trust accounts monthly. In addition, on a monthly basis, the Public Trustee sets the distributable capital gains and losses, pursuant to Section 11 of *The Public Trustee Regulations, 1999*, as the greater of the potential capital gains, calculated pursuant to Section 9 of the regulations, or the realized capital gains, calculated pursuant to Section 7 of the regulations. Realized capital gains and losses are calculated by taking the proceeds of sale of investment assets minus the adjusted cost base of that particular asset. The potential capital gains or losses are calculated by adding 1/48th of the current month realized capital gains or losses plus the change in market value for that month plus 1/47th of the previous 47 months potential capital gain or loss amount. The Public Trustee distributes the greater of the two calculated amounts to client accounts on a monthly basis.

PUBLIC TRUSTEE FOR SASKATCHEWAN
ESTATES AND TRUSTS UNDER ADMINISTRATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2002

8. Related Party Transactions

Administration

In accordance with Section 53 of *The Public Trustee Act*, all general administrative and employee costs required for the administration of the Office of the Public Trustee are paid out of the General Revenue Fund of the Province of Saskatchewan.

PUBLIC GUARDIAN AND TRUSTEE FOR SASKATCHEWAN
ESTATES AND TRUSTS UNDER ADMINISTRATION
SCHEDULE OF COMMON FUND SECURITIES
As at MARCH 31,

SCHEDULE 1

	2002		2001	
	$	% of Portfolio	$	% of Portfolio
Bonds and Debentures				
Government of Canada	37,330,037	31.38%	39,902,026	32.38%
Province of Saskatchewan	1,407,327	1.18%	1,181,038	0.96%
Other Provinces	12,652,113	10.64%	16,738,271	13.58%
Corporations	16,662,874	14.01%	15,941,304	12.94%
Total Bonds and Debentures*	68,052,351		73,762,639	
Greystone Non-North American Fund	13,064,967	10.98%	9,070,764	7.36%
Other Equities				
Canadian	17,378,024	14.61%	22,308,431	18.10%
Foreign	16,305,150	13.70%	12,204,640	9.90%
Short Term Investments*	4,159,811	3.50%	5,893,195	4.78%
TOTAL COMMON FUND SECURITIES	$ 118,960,303		$ 123,239,669	

* All investments held are Canadian

	2002		2001	
Total Canadian Investments	$ 89,590,186	75.32%	101,964,265	82.74%
Total Foreign Investments	29,370,117	24.68%	21,275,404	17.26%
TOTAL COMMON FUND SECURITIES	$ 118,960,303		$ 123,239,669	

PUBLIC GUARDIAN AND TRUSTEE FOR SASKATCHEWAN
ESTATES AND TRUSTS UNDER ADMINISTRATION
INDIVIDUAL TRUST ASSETS
As at MARCH 31,

SCHEDULE 2

	2002	2001
Accounts Receivables	$ 2,268,805	$ 1,708,807
Commodities	143,352	80,729
Individual Investments	8,970,823	8,939,564
Personal Property and Insurance	2,054,814	1,741,681
Real Estate	8,198,533	6,676,490
Total Individual Trust Assets	$ 21,636,327	$ 19,147,271

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the balance sheet of the School Division Tax Loss Compensation Fund as at March 31, 2002 and the statement of revenue, expenditure and fund balance for the year then ended. The School Division Tax Loss Compensation Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the School Division Tax Loss Compensation Fund as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
July 11, 2002

Fred Wendel, CMA, CA
Provincial Auditor

Statement 1

School Division Tax Loss Compensation Fund
Balance Sheet
As at March 31

	2002	2001
ASSETS		
Due from General Revenue Fund (Note 4)	$ 3,813,492	$ 3,095,511
Accounts Receivable	428,482	210,114
	$ 4,241,974	$ 3,305,625
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts Payable	$ 766,500	$ 447,528
Fund balance (Statement 2)	3,475,474	2,858,097
	$ 4,241,974	$ 3,305,625

(See accompanying notes to the financial statements)

Statement 2

School Division Tax Loss Compensation Fund
Statement of Revenue, Expenditure and Fund Balance
For the Year Ended March 31

	2002	2001
REVENUE:		
Contributions	$ 2,023,068	$ 1,041,264
Investment Interest	111,609	156,665
Total Revenue	2,134,677	1,197,929
EXPENDITURE:		
Compensation to school divisions (Note 6)	1,517,300	780,948
Excess of Revenue over Expenditure	617,377	416,981
Fund balance, beginning of year	2,858,097	2,441,116
Fund balance, end of year (Statement 1)	$ 3,475,474	$ 2,858,097

(See accompanying notes to the financial statements)

SCHOOL DIVISION TAX LOSS COMPENSATION FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2002

1. Purpose and Creation of the Fund

The School Division Tax Loss Compensation Fund (Fund) was created by an amendment to *The Education Act* through *The Treaty Land Entitlement Implementation Act*. The amendment came into force on June 22, 1993. On December 14, 1994, by Order in Council #840/94, the Lieutenant Governor in Council established regulations to administer the Fund.

The Fund is administered by the Department of Education on behalf of school boards. The purpose of the Fund is to provide tax loss compensation to school divisions that lose tax revenue as a result of lands within that school division being set apart as an Indian reserve. The Fund receives money from the provincial (Intergovernmental and Aboriginal Affairs) and federal (Indian Affairs and Northern Development Canada) governments as part of the Treaty Land Entitlement Framework Agreement. Payments are made to affected school divisions according to the formula stated in the regulations.

2. Significant Accounting Policies

The financial statements are prepared in accordance with Canadian generally accepted accounting principles.

3. Related Party Transactions

The Fund has not been charged with any administrative costs and no provision for such costs is reflected in these statements. These costs are borne by the Department of Education. Included in revenue is $606,920 (2001 - $312,379) from Intergovernmental and Aboriginal Affairs, of which $128,545 (2001 - $96,889) was receivable at March 31, 2002.

4. Due From General Revenue Fund

The monies of the Fund are deposited in the General Revenue Fund. Under this arrangement, interest is calculated on the net position of the School Tax Loss Compensation Fund.

The Fund's share of this interest is allocated to it by the General Revenue Fund on a quarterly basis using the Government's thirty day borrowing rate. The government's average thirty day borrowing rate for 2001-02 is 3.41% (2000-01 – 5.59%)

5. Cash Flow Statement

A cash flow statement has not been presented since the cash flow information is readily apparent from the other financial statements.

6. Compensation to School Divisions

The following lists the organizations that have or will receive money from the Fund for the year ended March 31, 2002.

Organization	Amount	
	2002	2001
Battle River School Division #60	$ 5,303	$ 69,436
Battlefords School Division #118	302,457	182,465
Biggar School Division #50	12,015	25,208
Broadview School Division #18	16,130	54,901
Buffalo Plains School Division #21	35,650	9,988
Cupar School Division #28	66,892	36,242
Deer Park School Division #26	45,773	44,733
Landswest School Division #123	78,611	16,579
Meadow Lake School Division #66	92,070	58,062
Northern Lakes School Division #64	214,882	78,917
Outlook School Division #32	18,408	0
Paynton School Division #102	7,194	0
Potashville School Division #80	97,303	48,148
Prairie West School Division #75	36,729	0
Saskatchewan Valley School Division #49	197,995	37,173
Saskatoon(West) School Division #42	0	2,956
Scenic Valley School Division #117	41,183	6,174
Shamrock School Division #38	7,412	0
Turtleford School Division #65	23,835	69,501
Wakaw School Division #48	211,127	20,447
Yorkdale School Division #36	6,331	20,018
Total	$ 1,517,300	$ 780,948

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of net assets available for beneficiaries of the Social Services Central Trust Account as at March 31, 2002 and the statement of changes in net assets available for beneficiaries for the year then ended. The Trust Account's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the net assets available for beneficiaries of the Social Services Central Trust Account as at March 31, 2002 and the changes in its net assets available for beneficiaries for the year then ended in accordance with Canadian generally accepted accounting principles.

FWendel

Regina, Saskatchewan
June 5, 2002

Fred Wendel, CMA, CA
Provincial Auditor

Statement 1

SOCIAL SERVICES CENTRAL TRUST ACCOUNT
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFICIARIES
As at March 31

	Armour Trust	Balison Trust	Total 2002	Total 2001
ASSETS				
Due from General Revenue Fund (Note 3)	$ 57,284	$ 78,179	$ 135,463	$ 145,990
Accrued interest	251	340	591	2,050
Accounts receivable	—	—	—	13,932
	$ 57,535	$ 78,519	$ 136,054	$ 161,972
LIABILITIES	—	—	—	—
Net assets available for beneficiaries (Statement 2)	$ 57,535	$ 78,519	$ 136,054	$ 161,972

(See accompanying notes to the financial statements)

Statement 2

SOCIAL SERVICES CENTRAL TRUST ACCOUNT
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFICIARIES
Year Ended March 31

	Armour Trust	Balison Trust	Total 2002	Total 2001
Increase in assets				
- Interest	$ 863	$ 3,566	$ 4,429	$ 9,750
- Estate distributions	42,500	—	42,500	2,250
Decrease in assets				
- to or on behalf of children	(4,172)	(68,675)	(72,847)	(40,446)
Net increase (decrease) in assets	39,191	(65,109)	(25,918)	(28,446)
Net assets available for beneficiaries, beginning of year	18,344	143,628	161,972	190,418
Net assets available for beneficiaries, end of year (to Statement 1)	$ 57,535	$ 78,519	$ 136,054	$ 161,972

(See accompanying notes to the financial statements)

SOCIAL SERVICES CENTRAL TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2002

1. Authority and Purpose of Trust

The Social Services Central Trust Account was established under Section 13 of *The Department of Social Services Act.*

In accordance with Section 15 of *The Department of Social Services Act,* the Department administers funds received from the Armour and Balison Estates.

The Armour Trust has a 1/4 interest in the Armour Estate. Canada Trust is the executor and therefore administers the Armour Estate. The Armour Estate owns a ½ interest in real estate situated between the Regina city limits and the IPSCO steel mill. The land is presently rented for farming purposes. The Armour Trust receives its share of farm land rent from the Armour Estate. The trust funds are held on behalf of Dales House, an institution operated by the Department of Social Services.

At March 31, 2002 the Armour Trust's share of the fair market value of assets in the Armour Estate consisted of cash and short-term notes $14,391 (2001 - $44,432), and real estate $18,100 (2001 - $18,100).

The Balison Trust consisted of income from and sales proceeds of property held by the Balison Estate. Canada Trust was the executor for the Balison Estate and has distributed all of the assets to the beneficiaries. The trust funds administered by Social Services are held on behalf of the Saskatchewan Youth in Care Network.

2. Significant Accounting Policies

These financial statements are prepared in accordance with Canadian generally accepted accounting principles.

Estate distributions to the trusts are recorded as an increase in Net assets available for beneficiaries in the period they are distributed.

3. Due from General Revenue Fund

The trust funds are included in the Consolidated Offset Bank Concentration (COBC) arrangement for the Government of Saskatchewan.

Interest earned is calculated and paid by the General Revenue Fund on a quarterly basis into the Trust's bank account using the Government's 30 day borrowing rate and the Trust's average daily bank account balance. The Government's average thirty day borrowing rate for the year is 3.5% (2001 – 5.6%).

4. Related Party Transactions

In accordance with established government practice, the Trust Account has not been charged with any occupancy costs and no provision for such costs is reflected in these statements. These costs, together with certain general administrative and employee benefit costs, are absorbed by the Department of Social Services' appropriation.

5. Financial Instruments

Financial instruments consist of amounts due from General Revenue Fund, accrued interest and accounts receivable. There are no significant terms and conditions related to the financial instruments that may affect the amount, timing and certainty of future cash flows. The fair value of these instruments approximates carrying value due to their immediate or short-term maturity.

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statements of financial position of the Extended Health Care Plan as at December 31, 2001 and the statements of operations and net assets, and cash flows for the year then ended. The Plan's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Plan as at December 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
February 14, 2002

Fred Wendel, CMA, CA
Acting Provincial Auditor

EXTENDED HEALTH CARE PLAN STATEMENT OF FINANCIAL POSITION

STATEMENT 1

AS AT DECEMBER 31

	2001				2000
	Extended Health Care Fund	SGEU Benefit Plans' Surplus Fund	CUPE Benefit Plans' Surplus Fund	Total	Total
ASSETS					
Due from General Revenue Fund (Note 3)	$ -	$11,859,982	$ 432,132	$12,292,114	$ 6,606,631
Employer contributions receivable	541,732	116,016	12,764	670,512	441,968
Prepaid insurance premiums	530,083	-	-	530,083	-
	$ 1,071,815	$11,975,998	$ 444,896	$13,492,709	$ 7,048,599
LIABILITIES					
Liabilities:					
Due to General Revenue Fund (Note 3)	$ 5,522,204	$ -	$ -	$ 5,522,204	$ 2,613,179
Accounts payable (Note 6)	37,438	-	-	37,438	18,395
Advance from General Revenue Fund (Note 4)	275,000	-	-	275,000	275,000
	$ 5,834,642	-	-	$ 5,834,642	$ 2,906,574
Net assets (deficit) (Statement 2)	$(4,762,827)	$11,975,998	$ 444,896	$ 7,658,067	$ 4,142,025

(See accompanying notes to the financial statements)

EXTENDED HEALTH CARE PLAN
STATEMENT OF OPERATIONS AND NET ASSETS

STATEMENT 2

FOR THE YEAR ENDED DECEMBER 31

	2001					2000
	Budget	Extended Health Care Fund	SGEU Benefit Plans' Surplus Fund	CUPE Benefit Plans' Surplus Fund	Total	Total
REVENUES	(Note 7)					(Note 8)
Employer contributions	$ 5,125,000	$ 4,218,075	$ 1,707,606	$142,928	$ 6,068,609	$5,026,121
Additional contributions (Note 1)	-	-	3,500,000	-	3,500,000	-
Interest (Note 3)	180,000	-	308,145	14,476	322,621	307,343
	5,305,000	4,218,075	5,515,751	157,404	9,891,230	5,333,464
EXPENSES						
Insurance premiums	5,812,000	6,119,878	-	-	6,119,878	5,053,139
Interest (Note 3)	-	167,511	-	-	167,511	104,129
Administration	106,697	87,799	-	-	87,799	70,698
	5,918,697	6,375,188	-	-	6,375,188	5,227,966
Surplus (deficit) for the year	(613,697)	(2,157,113)	5,515,751	157,404	3,516,042	105,498
NET ASSETS (DEFICIT), BEGINNING OF YEAR	4,142,025	(2,605,714)	6,460,247	287,492	4,142,025	4,036,527
NET ASSETS (DEFICIT), END OF YEAR – to Statement 1	$3,528,328	$(4,762,827)	$11,975,998	$444,896	$7,658,067	$4,142,025

(See accompanying notes to the financial statements)

EXTENDED HEALTH CARE PLAN
STATEMENT OF CASH FLOWS

STATEMENT 3

FOR THE YEAR ENDED DECEMBER 31

	2001				2000
	Extended Health Care Fund	SGEU Benefit Plans' Surplus Fund	CUPE Benefit Plans' Surplus Fund	Total	Total
Cash flows from operating activities:					
Employer contributions received	$ 3,977,128	$ 5,220,576	$142,286	$ 9,339,990	$ 4,993,566
Interest (paid) received	(167,511)	308,145	14,476	155,110	203,214
Insurance premiums paid	(6,626,822)	-	-	(6,626,822)	(4,662,117)
Administration expense paid	(91,820)	-	-	(91,820)	(57,545)
Net increase in cash	(2,909,025)	5,528,721	156,762	2,776,458	477,118
CASH, BEGINNING OF YEAR	(2,613,179)	6,331,261	275,370	3,993,452	3,516,334
CASH, END OF YEAR	$(5,522,204)	$11,859,982	$ 432,132	$ 6,769,910	$ 3,993,452
Cash consists of:					
Due from General Revenue Fund	$ -	$11,859,982	$ 432,132	$12,292,114	$ 6,606,631
Due to General Revenue Fund	(5,522,204)	-	-	(5,522,204)	(2,613,179)
	$ (5,522,204)	$11,859,982	$ 432,132	$ 6,769,910	$ 3,993,452

(See accompanying notes to the financial statements)

EXTENDED HEALTH CARE PLAN
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2001

1. Description of the Plan

The Extended Health Care Plan (Plan) was established on October 1, 1996 pursuant to subsection 64(2) of *The Financial Administration Act, 1993*. The Plan provides extended health care benefits to certain union employees of the Government of Saskatchewan.

The Plan consists of the Extended Health Care Fund, the Saskatchewan Government and General Employees' Union (SGEU) Benefit Plans' Surplus Fund and the Canadian Union of Public Employees', Local 600-3 (CUPE) Benefit Plans' Surplus Fund.

Extended Health Care Fund

The Extended Health Care Fund receives contributions from employers, whose participation in the Plan has been approved by the Lieutenant Governor in Council. Effective October 1, 2001, the contribution rate increased to 1.28% of regular pay (1.03% of regular pay from January 1, 2001 to October 1, 2001) for SGEU members. The contribution rate is 1.23% of regular pay for CUPE members. The contribution rates are established pursuant to SGEU and CUPE collective bargaining agreements.

The Plan pays premiums out of the Extended Health Care Fund to Group Medical Services who provide extended health coverage to plan members as outlined in an agreement. The Plan's risk is limited to the payment of these premiums. The Government through the Minister of Finance entered into an agreement with Group Medical Services for a period of 2 years until December 31, 2001. The parties to this agreement are currently negotiating to renew the agreement to December 31, 2003.

Benefit Plans' Surplus Funds

The SGEU Benefit Plans' Surplus Fund and the CUPE Benefit Plans' Surplus Fund (Surplus Funds) were established to meet the terms of the SGEU collective bargaining agreement and the CUPE collective bargaining agreement. The Surplus Funds receive contributions from employers whose participation in the plan has been approved by the Lieutenant Governor in Council per Order-in-Council 317/2000. The contribution rates are as follows:

- .47% of regular pay of SGEU members
- .82% of regular pay of CUPE members

The SGEU Collective Agreement also required a one-time lump sum contribution of $2,000,000 from the SGEU employers. The SGEU Benefit Plans' Surplus Fund received this lump sum contribution in October 1999 from the Minister of Finance.

The SGEU Benefit Plans' Surplus Fund, pursuant to the SGEU collective bargaining agreement, required an additional payment of $3,500,000 from the SGEU employers relating to October 1, 2000 to September 8, 2001 retroactive pay. The SGEU Benefit Plans' Surplus Fund received this lump sum contribution in December 2001 from the Minister of Finance.

The purpose of the Surplus Funds is to offset cost increases arising from extended health care benefits and future dental plan enhancements. Enhanced dental benefits are provided to SGEU and CUPE members through the Public Employees Dental Fund (PEDF). As PEDF is currently in a surplus position, no funds have been transferred from the Surplus Funds to offset cost increases of dental plan enhancements. The Surplus Funds are administered under directions from the Joint Board of Trustees, made up of equal representation of union members and employers' representatives. The Joint Board of Trustees must approve the use of the net assets of the Surplus Funds. During the year, the Joint Board of Trustees did not approve any transfers to offset cost increases for extended health care benefits or future dental plan enhancements.

2. Significant Accounting Policies

These financial statements are prepared in accordance with Canadian generally accepted accounting principles.

3. Due from/to General Revenue Fund

The monies of the Extended Health Care Fund and Benefit Plans' Surplus Funds are commingled in one bank account. However, the amount due from/to General Revenue Fund to the Benefit Plans' Surplus Funds and from the Extended Health Care Fund are accounted for and shown separately on the Statement of Financial Position. The interest income and interest expense are determined as outlined below.

The Plan's bank account is included in the Consolidated Offset Bank Concentration (COBC) arrangement for the Government of Saskatchewan. The Plan's earned interest is calculated and paid by the General Revenue Fund on a quarterly basis into the Plan's bank account using the Government's thirty day borrowing rate, and the fund's average daily bank account balance. The Government's average thirty day borrowing rate in 2001 was 4.26% (2000 - 5.5%).

4. Advance from General Revenue Fund

The General Revenue Fund advanced the Plan monies when the Plan began operations. The advance is required because the Plan must pay premiums at the beginning of each month and employer contributions are not received until after the end of each month.

The advance is interest-free with no fixed maturity date.

5. Financial Instruments

The Plan's financial instruments include due from/to General Revenue Fund, employer contributions receivable, prepaid insurance premiums, accounts payable and advance from General Revenue Fund. Due to the immediate or short-term nature of these items, the fair value of these instruments approximates carrying value.

6. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies, boards and commissions related to the Plan by virtue of common control or significant influence by the Government of Saskatchewan (collectively referred to as "related parties"). Related party transactions with the Plan are in the normal course of operations and are recorded at the agreed upon exchange amounts charged by these organizations.

All employer contributions and contributions receivable are from related parties.

The Plan is managed by the Public Employees Benefits Agency (PEBA). The PEBA Revolving Fund charged the Plan $87,799 (2000 - $64,548) for administration.

Included in accounts payable is $27,769 due to the Extended Health Care Plan for Certain Other Employees (EHCP-COE). The amount represents health care premiums that were paid by EHCP-COE for those employees who moved to this plan on May 1, 2001.

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and notes thereto.

7. Budget

The Public Employees Benefits Agency prepares and approves the budget.

8. Comparative Figures

Certain comparative figures have been restated to conform with the current year's financial statement presentation.

9. Subsequent Event

Under the Order-in-Council 6/2002 effective January 15, 2002, the Extended Health Care Plan for Retired Employees (retiree plan) was designated as a benefit program to be established, operated, administered and managed by the Public Employees Benefits Agency. Pursuant to a Letter of Understanding dated October 12, 2001 between SGEU and the Government, the SGEU Benefit Plans' Surplus Fund will pay premiums and administrative costs on a temporary basis for SGEU members who join the retiree plan. These amounts will be paid from January 1, 2002 to October 31, 2003 with the understanding that the SGEU Benefit Plans' Surplus Fund will be reimbursed with interest as soon as reasonably possible. Pursuant to a Letter of Understanding dated October 15, 2001 between CUPE and the Government, the CUPE Benefit Plans' Surplus Fund will pay all administrative costs for CUPE members who join the retiree plan on an ongoing basis but premiums will be funded entirely by the retirees.

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Extended Health Care Plan For Certain Other Employees as at December 31, 2001 and the statements of operations and net assets, and cash flows for the year then ended. The Plan's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Plan as at December 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
February 5, 2002

Fred Wendel, CMA, CA
Acting Provincial Auditor

EXTENDED HEALTH CARE PLAN FOR CERTAIN OTHER EMPLOYEES STATEMENT 1
STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31

	2001	2000
ASSETS		
Due from General Revenue Fund (Note 3)	$1,811,792	$1,546,933
Employer contributions receivable	89,544	110,958
Insurance premiums receivable (Note 6)	27,769	-
Prepaid insurance premiums	87,893	-
	$2,016,998	$1,657,891
LIABILITIES		
Liabilities:		
Accounts payable (Note 6)	$ 426,931	$ 85,447
Advance from General Revenue Fund (Note 4)	65,000	65,000
	$ 491,931	$ 150,447
Net assets (Statement 2)	$ 1,525,067	$ 1,507,444

(See accompanying notes to the financial statements)

EXTENDED HEALTH CARE PLAN FOR CERTAIN OTHER EMPLOYEES STATEMENT 2
STATEMENT OF OPERATIONS AND NET ASSETS

FOR THE YEAR ENDED DECEMBER 31

	2001		2000
	Budget (Note 7)	Actual	Actual
REVENUES			
Employer contributions	$1,335,000	$1,139,106	$1,318,621
Interest (Note 3)	80,000	74,819	78,025
	1,415,000	1,213,925	1,396,646
EXPENSES			
Insurance premiums	1,406,000	1,162,869	1,240,739
Administration (Note 6)	45,062	33,433	27,851
	1,451,062	1,196,302	1,268,590
Surplus (deficit) for the year	(36,062)	17,623	128,056
NET ASSETS, BEGINNING OF YEAR	1,507,444	1,507,444	1,379,388
NET ASSETS, END OF YEAR - to Statement 1	$1,471,382	$1,525,067	$1,507,444

(See accompanying notes to the financial statements)

EXTENDED HEALTH CARE PLAN FOR CERTAIN OTHER EMPLOYEES STATEMENT 3
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31

	2001	2000
Cash flows from operating activities:		
Employer contributions received	$ 1,160,520	$1,314,656
Interest received	74,819	78,025
Insurance premiums paid	(1,279,240)	(1,147,496)
Administration expenses paid	(29,530)	(26,299)
	(73,431)	218,886
Cash flows from financing activities:		
Net increase in deposits from others (Note 6)	338,290	17,533
Net increase in cash	264,859	236,419
DUE FROM GENERAL REVENUE FUND, BEGINNING OF YEAR	1,546,933	1,310,514
DUE FROM GENERAL REVENUE FUND, END OF YEAR	$1,811,792	$1,546,933

(See accompanying notes to the financial statements)

EXTENDED HEALTH CARE PLAN FOR CERTAIN OTHER EMPLOYEES
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2001

1. Description of the Plan

The Extended Health Care Plan For Certain Other Employees (Plan) was established on January 1, 1997 pursuant to subsection 64(2) of *The Financial Administration Act, 1993*. The Plan provides extended health care benefits to certain out-of-scope employees of the Government of Saskatchewan.

The Plan is funded from employer contributions, whose participation in the Plan has been approved by the Lieutenant Governor in Council. The contribution rate is 1% of regular pay as approved by the Minister of Finance.

The Plan pays premiums to Group Medical Services who provide insured extended health coverage as outlined in an agreement. The Plan's risk is limited to the payment of its premiums. The Government through the Minister of Finance entered into an agreement with Group Medical Services for a period of 2 years until December 31, 2001. The parties to this agreement are currently negotiating to renew the agreement to December 31, 2003.

2. Significant Accounting Policies

These financial statements are prepared in accordance with Canadian generally accepted accounting principles.

3. Due from General Revenue Fund

The Plan's bank account is included in the Consolidated Offset Bank Concentration (COBC) arrangement for the Government of Saskatchewan. The Plan's earned interest is calculated and paid by the General Revenue Fund on a quarterly basis into the Plan's bank account using the Government's thirty day borrowing rate, and the fund's average daily bank account balance. The Government's average thirty day borrowing rate in 2001 was 4.26% (2000 - 5.50%).

4. Advance from General Revenue Fund

The General Revenue Fund advanced the Plan monies when the Plan began operations. The advance is required because the Plan must pay premiums at the beginning of each month and employer contributions are not received until after the end of each month.

The advance is interest-free with no fixed maturity date.

5. Financial Instruments

The Plan's financial instruments include due from General Revenue Fund, employer contributions receivable, insurance premiums receivable, prepaid insurance premiums, accounts payable and advance from General Revenue Fund. Due to the immediate or short-term nature, the fair value of these instruments approximates carrying value.

6. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies, boards and commissions related to the Plan by virtue of common control or significant influence by the Government of Saskatchewan (collectively referred to as "related parties"). Related party transactions with the Plan are in the normal course of operations and are recorded at the agreed upon exchange amounts charged by these organizations.

All employer contributions, employer contribution receivables, and insurance premium receivables are from related parties.

The Plan is managed by the Public Employees Benefits Agency. The PEBA Revolving Fund charged the Plan $33,433 (2000 - $26,423) for administration.

The Plan also receives amounts from the Legislative Assembly Office, Judges, Human Rights Commission, Prairie Diagnostic Services, Saskatchewan Liquor and Gaming Authority, and other caucus groups and makes payments to Canada Life Assurance Company, Group Medical Services or Saskatchewan Blue Cross on their behalf. During the year, the Plan received $958,780 (2000 - $228,751) from the above groups and paid $620,490 (2000 - $211,218) to Canada Life Assurance Company, Group Medical Services and Saskatchewan Blue Cross. The cumulative difference of $420,938 (2000 - $82,648) is included in accounts payable on the statement of financial position. These receipts and payments are not considered part of the Plan's operations and are not included in the statement of operations.

Insurance premium receivable of $27,769 is due from the Extended Health Care Plan for SGEU employees (SGEU Plan). The amount represents health care premiums that were paid by this plan for employees who were moved to the SGEU plan on May 1, 2001.

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and notes thereto.

7. Budget

The Public Employees Benefits Agency prepares and approves the budget.

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of net assets available for benefits, accrued pension benefits and unfunded liability of the Judges of the Provincial Court Superannuation Plan as at March 31, 2002 and the statements of changes in net assets available for benefits, and changes in accrued pension benefits for the year then ended. The Plan's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the net assets available for benefits, accrued pension benefits and unfunded liability of the Plan as at March 31, 2002 and the changes in the net assets available for benefits and changes in accrued pension benefits for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
May 15, 2002

Fred Wendel, CMA, CA
Provincial Auditor

JUDGES OF THE PROVINCIAL COURT SUPERANNUATION PLAN STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS, ACCRUED PENSION BENEFITS AND UNFUNDED LIABILITY

STATEMENT 1

AS AT MARCH 31

	2002	2001
ASSETS		
Due from General Revenue Fund (Note 6)	$ 21,520	$ 160,013
Investments		
Cash and short-term investments	—	624,275
Bonds and debentures	—	4,998,453
Equities	—	2,800,557
Pooled funds	12,054,714	2,832,287
	12,076,234	11,415,585
Receivables		
Employees' contributions	22,046	22,662
Accrued investment income	—	81,943
Other	69,641	7,976
Total assets	12,167,921	11,528,166
LIABILITIES		
Accounts payable	4,071	18,516
Total liabilities	4,071	18,516
NET ASSETS AVAILABLE FOR BENEFITS (Statement 2)	12,163,850	11,509,650
Actuarial accrued pension benefits (Statement 3)	53,894,000	50,811,000
Unfunded liability	$41,730,150	$39,301,350

(See accompanying notes to the financial statements)

JUDGES OF THE PROVINCIAL COURT SUPERANNUATION PLAN STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

STATEMENT 2

YEAR ENDED MARCH 31

	2002	2001
INCREASE IN ASSETS		
Investment income		
Interest	$ 84,968	$ 375,864
Dividends-Equities	11,616	46,673
Dividends-Pooled Funds	439,184	218,949
	535,768	641,486
Market value adjustment	(20,344)	(243,407)
Contributions by judges	261,996	277,328
Deficiency recoveries from General Revenue Fund (Note 4)	1,641,102	1,659,226
Total increase in assets	2,418,522	2,334,633
DECREASE IN ASSETS		
Administration expenses (Note 10)	52,587	72,236
Superannuation allowances		
Magistrates' Court Act	221,507	179,013
Provincial Court Act	1,490,228	1,506,094
Total decrease in assets	1,764,322	1,757,343
INCREASE IN NET ASSETS	654,200	577,290
NET ASSETS AVAILABLE FOR BENEFITS, BEGINNING OF YEAR	11,509,650	10,932,360
NET ASSETS AVAILABLE FOR BENEFITS, END OF YEAR - to Statement 1	$12,163,850	$11,509,650

(See accompanying notes to the financial statements)

JUDGES OF THE PROVINCIAL COURT SUPERANNUATION PLAN
STATEMENT OF CHANGES IN ACCRUED PENSION BENEFITS

STATEMENT 3

YEAR ENDED MARCH 31

	2002 (Note 5)	2001
ACCRUED PENSION BENEFITS, beginning of year	$50,811,000	$47,169,000
INCREASE IN ACCRUED PENSION BENEFITS		
Interest on accrued benefits	3,200,000	2,968,000
Benefits accrued	2,506,000	2,359,000
	5,706,000	5,327,000
DECREASE IN ACCRUED PENSION BENEFITS		
Benefits paid	1,712,000	1,685,000
Change in actuarial assumptions	911,000	---
	2,623,000	1,685,000
ACCRUED PENSION BENEFITS, end of year – to Statement 1	$53,894,000	$50,811,000

(See accompanying notes to the financial statements)

JUDGES OF THE PROVINCIAL COURT SUPERANNUATION PLAN
NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2002

1. Description of the Plan

a) General

The Judges of the Provincial Court Superannuation Plan was established on October 1, 1978 under *The Provincial Court Act* (Act) (continued as *The Provincial Court Act, 1998*) to provide defined benefit final average pensions to the Judges of the Provincial Court of Saskatchewan (members).

The Act also established the Judges of the Provincial Court Superannuation Fund to accumulate all contributions by judges, investment income, and payments received from the General Revenue Fund. Pensions, annuities, supplementary allowances, refunds and interest are paid out of the Fund.

Under *The Provincial Court Act, 1998*, the members are entitled to a retirement benefit from the registered pension plan under *The Provincial Court Pension Plan Regulations* and an additional retirement benefit under *The Provincial Court Compensation Regulations*. The additional retirement benefit is not part of the registered pension plan.

Further plan details are contained in the Act, and the related regulations.

b) Administration

The Minister of Finance administers the Judges of the Provincial Court Superannuation Fund and is responsible for the investment of the Fund. Day-to-day administration is provided by the Public Employees Benefits Agency (PEBA).

c) Funding Policy

Judges contribute 5% of salary each year.

d) Retirement

The normal retirement age is 65. Judges appointed under *The Magistrates' Courts Act* retire at age 70. There is only one active member remaining who will receive benefits under *The Magistrates' Courts Act*. There are nine members appointed under *The Magistrates' Courts Act* who have elected to receive benefits under *The Provincial Court Act, 1998*.

e) Registered Pension Plan

Pursuant to *The Provincial Court Pension Plan Regulations*, the annual pension payable to a superannuated judge is 2% of the average of the judge's highest three years of salary, multiplied by the total number of years of service for which the judge has contributed. The maximum number of years of service is 23 1/3 years.

Additional Retirement Benefits

Pursuant to *The Provincial Court Compensation Regulations*, judges are entitled to receive a retirement benefit, including the benefit from the registered pension plan, of 3% of the average of the judge's highest three years of salary, multiplied by the total number of years of service for which the judge has contributed. The maximum number of years of service is 23 1/3 years. Under *The Provincial Court Compensation Regulations*, judges who have served for at least 18 years, have attained the age of 58 years or more and the total of the judges age in years and years of contributory service equals 80 or more are entitled to a retirement benefit including the benefit from the registered pension plan of 70% of the average of the judge's highest three years of salary.

The Provincial Court Compensation Regulations provide for benefits for judges appointed after September 30, 1978 and before December 13, 1985. A judge appointed between these dates who was 50 years or less on the day of his or her appointment, was engaged in the practice of law for 10 years prior to appointment, was a member in good standing of the bar in a province of Canada for at least 10 years prior to appointment, retires at age 65 and at retirement has served continuously for at least 15 years as a judge is entitled to a retirement benefit including the benefit from the registered pension plan of 70% of the average of the judge's highest three years of salary.

f) Refunds of Contributions

A judge who retires, resigns or is removed from office and who is not entitled to receive a pension, is entitled to receive a refund of contributions together with interest.

2. Significant Accounting Policies

The financial statements are prepared in accordance with Canadian generally accepted accounting principles. The following policies are considered significant.

a) Investments

Investments in bonds and equities are recorded at market values which are determined by reference to closing year end sale prices from recognized security dealers or, in the absence of recorded sales, by reference to closing year end bid and ask prices.

Short-term investments and cash are recorded at cost, which approximates market value.

Pooled funds are recorded based on the net asset value per unit of the underlying investments on the last valuation date.

The change in market value of investments during the year is reflected on the financial statements as a market value adjustment.

b) Investment Transactions and Income

Investment transactions are recorded on the trade date. Transactions conducted in foreign currencies are translated into Canadian dollars using the exchange rate in effect at the transaction date. Dividend income is recognized on the record date.

3. Investments

The investment objectives of the Plan are to ensure the Plan has sufficient assets to meet future pension obligations and to generate sufficient cash flow to meet pension payments. Due to the long-term horizon of the Plan's liabilities, the Plan takes a long-term investment perspective. The strategy employed to achieve these objectives is to invest cash flows from contributions and investment returns into pooled funds.

a) Interest Rate Risk

Interest rate risk refers to the adverse consequences of interest rate changes on the Plan's cash flows, financial position and income. This risk arises from differences in the timing and amount of cash flows related to the Plan's assets and liabilities.

The value of the Plan's assets is affected by short-term changes in nominal interest rates and equity markets.

b) Credit Risk

Credit risk arises from the potential for an investee to fail or for an issuer to default on its contractual obligations to the Plan. The Plan limits the credit risk by dealing with issuers that are considered to be high quality. The credit ratings used to describe the securities below are based on a recognized credit rating service.

During the year, the Plan made the decision to convert all of its investments to pooled funds.

Pooled Funds

The Plan limits its investments in pooled equity funds to 10% of the market value of each fund. Foreign equities including foreign pooled funds are limited to 30% of the cost of the investment portfolio and are denominated in Canadian dollars. The Plan's units in pooled funds have no fixed interest rate and the returns are based on the success of the fund manager. The Plan's pooled funds are comprised of the following:

	Units Held		% of Total Units Outstanding		Market Value		Investment Income and Change in Market Value	
	2002	2001	2002	2001	2002	2001	2002	2001
	(000's)				(000's)		(000's)	
Greystone Fixed Income Fund	567	—	3.61	—	$ 5,546	$ —	$ 236	$ —
Greystone Canadian Equity Fund	151	—	1.14	—	2,827	—	183	—
Greystone Emerging Markets Fund	15	18	0.14	0.18	150	140	36	(41)
Greystone Non-North American Fund	119	100	0.15	0.14	1,126	1,073	(122)	(325)
Greystone US Equity Fund	141	123	2.84	3.55	1,815	1,620	(44)	(74)
Greystone Money Market Fund	59	—	2.62	—	591	—	19	—
					$12,055	$2,833	$308	$(440)

4. **Deficiency Recoveries from the General Revenue Fund**

Section 22 of *The Provincial Court Act, 1998* provides that annuities being paid under *The Magistrates' Courts Act* shall be paid out of the Judges of the Provincial Court Superannuation Fund (Fund). A judge of the Magistrates' Court may elect to receive an annuity to which he/she was entitled under *The Magistrates' Courts Act* rather than contributing to the Fund and receiving benefits as determined by *The Provincial Court Act, 1998*. Accordingly, the annuities which are now or will become payable under *The Magistrates' Courts Act* are considered to be a deficiency and the Fund is reimbursed by way of a statutory appropriation from the General Revenue Fund each year. Also, any amounts payable under *The Provincial Court Act, 1998* to superannuates in excess of an individual's accumulated contributions are considered as a deficiency for administrative purposes, and are recovered from the General Revenue Fund. In addition, the General Revenue Fund may make lump sum contributions to reduce any unfunded liability.

During the year, the Fund determined and received the following deficiency recoveries from the General Revenue Fund:

	2002	2001
Deficiencies – *The Magistrates' Courts Act*	$ 221,507	$ 179,013
– *The Provincial Court Act, 1998*	1,419,595	1,480,213
	$1,641,102	$1,659,226

5. Obligations for Pension Benefits

The present value of accrued pension benefits was determined using the projected benefit method pro rated on services and the best estimate assumptions approved by the Public Employees Benefits Agency. An actuarial valuation was made as of September 30, 1999 by Aon Consulting and an extrapolation was made to March 31, 2000, March 31, 2001 and March 31, 2002.

The pension liability is based on a number of assumptions about future events including: salary escalation rate, interest rate, inflation, post-retirement indexing, mortality, retirement rates and termination rates. The actual rates may vary significantly from the long-term assumptions used.

The significant long-term assumptions used in determining the actuarial value of accrued pension benefits are as follows:

- the inflation rate is expected to be 2.00% in 2001 to 2002 increasing to 3.00% in 2003 and thereafter;
- the salary escalation rate is expected to be 2.00% in 2001 to 2002 increasing to 3.00% in 2003 and thereafter; and
- the interest rate is 6.25% for 1999 and thereafter.

During the year, management reviewed and changed the assumption for the inflation rate and salary escalation rate from 3.25% to 3.00% in 2003 and thereafter.

The following illustrates the effect on the pension liability if the assumptions used in estimating the liabilities change:

	Long-term Assumptions							
	Inflation*		Salary		Interest Rate		Post-retirement Indexing	
Assumptions	4.00%	2.00%	4.00%	2.00%	7.25%	5.25%	2.00%	1.00%
(Decrease) increase in liability	(7.1%)	8.1%	0.8%	(0.8%)	(11.3%)	13.7%	9.2%	(7.6%)

* A change in the inflation rate of 1% has a corresponding change in the interest rate and salary scale of 1% and post-retirement indexing of .5%.

The actuarial present value of accrued pension benefits contains a provision for ad hoc increases which are subject to Lieutenant Governor in Council approval. The ad hoc assumption is 50% of the Consumer Price Index based on previous year's experience. The Lieutenant Governor in Council may provide for supplementary allowances to be paid to superannuates in any year, in any amount and subject to any terms and conditions she considers advisable.

The unfunded liability for the Plan is not payable immediately. The expected cash inflows from contributions and investment income and the expected cash outflows to pay the required pension obligation are calculated using the above assumptions. The expected net cash flows are not adjusted for inflation, they are based on actual dollar forecasts. The net cash outflows for the next 5 years would be $15.1 million, in the next 10 years $35.1 million and in the next 30 years $142.3 million.

If there are insufficient monies in the Fund to pay allowances or other payments, the Minister of Finance is obligated to pay any such deficiency out of the General Revenue Fund.

6. Due from General Revenue Fund

The Judges of the Provincial Court Superannuation Fund Bank Account is included in the Consolidated Offset Bank Concentration (COBC) arrangement for the Government of Saskatchewan.

The earned interest on the bank account is calculated and paid from the General Revenue Fund on a quarterly basis into the bank account using the Government's thirty day borrowing rate and the average daily bank account balance. The Government's average thirty day borrowing rate in 2001/2002 was 3.41% (2000/2001 – 5.59%).

7. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies, boards and commissions related to the Plan by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan collectively referred to as "related parties". The operating expenses associated with administering the Plan are paid to the Public Employees Benefits Agency Revolving Fund.

The Plan held investments in bonds and debentures of the Province of Saskatchewan at March 31, 2002 of $ nil (2001 - $119,665).

Other transactions with related parties and amounts due to or from them are disclosed separately in these financial statements and notes.

Related party transactions with the Plan are in the normal course of operation and are recorded at exchange amounts agreed to by the parties to the transactions.

8. Fair Value of Financial Assets and Financial Liabilities

The following method and assumptions were used to estimate the fair value of each class of financial assets and financial liabilities.

For the following financial instruments the carrying amounts approximate fair value due to the immediate or short-term nature of these financial assets and financial liabilities. These financial instruments are interest and non-interest bearing and are due or payable within the next year.

a) Due from General Revenue Fund
b) Receivables
c) Accounts Payable

For all other investments, fair values are considered to be market value (note 2).

The pension liability is long-term in nature and there is no market for settling these pension obligations. Therefore, determination of the fair value of the pension liability is not practical (see note 5).

9. Investment Performance

The investment manager makes day-to-day decisions on whether to buy or sell investments in order to achieve the long-term performance objectives set by the Minister. The Public Employees Benefits Agency reviews the investment performance of the Plan in terms of the performance of the benchmark portfolio over four year rolling periods. The primary long-term investment performance objective for the entire portfolio is to outperform a benchmark portfolio.

The following is a summary of the Plan's investment performance:

	2002	Rolling Four Year Average Annual Return
Plan's actual rate of return (a)	4.26%	6.32%
Target rate of return (b)	3.00%	4.39%

(a) Annual returns are before deducting investment expenses.

(b) The Plan's target rate of return for its investment portfolio (return on the benchmark portfolio) has been determined using the actual returns of the market indexes such as the Toronto Stock Exchange 300 Capped 10% Index, the Morgan Stanley Capital International Europe, Australia, Far East Index and the Scotia Capital Markets Universe Bond Index.

10. Administrative Expenses

	2002	2001
Administration – Public Employees Benefits Agency Revolving Fund	$ 25,110	$ 32,320
Custodian Fees - Royal Trust	8,245	21,180
Investment management fees - Greystone Capital Management Inc.	19,232	18,736
	$ 52,587	$ 72,236

For the year ended March 31, 2002 the Plan had budgeted $28,046 (2001- $49,212) for administration by Public Employees Benefits Agency Revolving Fund. Custodian and investment management fees are based on the market value of the Fund's portfolio.

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of net assets available for benefits, accrued pension benefits and unfunded liability of the Liquor Board Superannuation Plan as at December 31, 2001 and the statements of changes in net assets available for benefits, and changes in accrued pension benefits for the year then ended. The Plan's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the net assets available for benefits and unfunded liability of the Plan as at December 31, 2001 and the changes in net assets available for benefits and changes in accrued pension benefits for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
February 14, 2002

F. Wendel

Fred Wendel, CMA, CA
Acting Provincial Auditor

LIQUOR BOARD SUPERANNUATION COMMISSION STATEMENT 1

LIQUOR BOARD SUPERANNUATION PLAN STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS, ACCRUED PENSION BENEFITS AND UNFUNDED LIABILITY

AS AT DECEMBER 31

	2001	2000
ASSETS		
Due from General Revenue Fund (Note 5)	$ 429,992	$ 112,320
Investments		
Cash and short term investments	-	1,295,458
Bonds and debentures	-	6,332,932
Equities	-	3,536,440
Pooled Funds	13,591,954	3,104,896
	14,021,946	14,382,046
Receivables		
Employees' contributions	12,589	22,531
Employer's contributions	57,184	106,368
Accrued investment income	-	92,121
Other	9,895	54,846
Total assets	14,101,614	14,657,912
LIABILITIES		
Accounts payable	2,556	11,460
Total liabilities	2,556	11,460
NET ASSETS AVAILABLE FOR BENEFITS (Statement 2)	14,099,058	14,646,452
Actuarial accrued pension benefits (Statement 3)	42,024,000	42,368,000
Unfunded liability	$27,924,942	$27,721,548

(See accompanying notes to the financial statements)

LIQUOR BOARD SUPERANNUATION COMMISSION STATEMENT 2

LIQUOR BOARD SUPERANNUATION PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

YEAR ENDED DECEMBER 31

	2001	2000
INCREASE IN ASSETS		
Investment income		
Interest	$ 144,686	$ 454,853
Dividends	16,109	57,051
Pooled funds-dividends	484,503	267,912
	645,298	779,816
Market value adjustment	(532,684)	563,801
Contributions		
Employees'	181,618	176,291
Employer's	2,140,479	1,968,819
Total increase in assets	2,434,711	3,488,727
DECREASE IN ASSETS		
Superannuation allowances	2,838,505	2,850,652
Administration expenses (Note 8)	70,105	90,022
Refunds and transfers		
Contributions	31,696	32,838
Interest	41,799	44,381
Total decrease in assets	2,982,105	3,017,893
(Decrease) increase in net assets	(547,394)	470,834
NET ASSETS AVAILABLE FOR BENEFITS, beginning of year	14,646,452	14,175,618
NET ASSETS AVAILABLE FOR BENEFITS, end of year - to Statement 1	$14,099,058	$14,646,452

(See accompanying notes to the financial statements)

LIQUOR BOARD SUPERANNUATION COMMISSION

STATEMENT 3

LIQUOR BOARD SUPERANNUATION PLAN
STATEMENT OF CHANGES IN ACCRUED PENSION BENEFITS

YEAR ENDED DECEMBER 31

	2001 (Note 4)	2000
ACCRUED PENSION BENEFITS, beginning of year	$42,368,000	$42,211,000
INCREASE IN ACCRUED PENSION BENEFITS		
Interest on accrued benefits	2,592,000	2,580,000
Benefits accrued	537,000	505,000
	3,129,000	3,085,000
DECREASE IN ACCRUED PENSION BENEFITS		
Benefits paid	2,912,000	2,928,000
Change in actuarial assumptions	561,000	-
	3,473,000	2,928,000
ACCRUED PENSION BENEFITS, end of year – to Statement 1	$42,024,000	$42,368,000

(See accompanying notes to the financial statements)

LIQUOR BOARD SUPERANNUATION COMMISSION

LIQUOR BOARD SUPERANNUATION PLAN
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2001

1. Description of the Plan

a) General

The Liquor Board Superannuation Plan is a defined benefit final average pension plan established under *The Liquor Board Superannuation Act* (Act). Membership is comprised of employees and Board members who were enrolled on October 1, 1977 and who did not elect to transfer to the Public Employees Pension Plan prior to October 1, 1978. Complete Plan details are contained in the Act. The Act also established the Liquor Board Superannuation Fund to account for all transactions of the Plan.

b) Administration

The Liquor Board Superannuation Commission administers the Plan. Day-to-day administration is provided by the Public Employees Benefits Agency.

c) Funding Policy

Members contribute at the rate of 7%, 8% or 9% of salary depending on their age at the date of commencement of employment. Contributions are reduced by an amount equal to deemed Canada Pension Plan contributions. The employer contributes a fixed percentage of the members' contributions as necessary to fund the benefits provided by the Plan. This rate is set periodically by the Commission on the advice of the Actuary.

d) Retirement

Normal retirement is at age 65. Employees may retire earlier under certain conditions.

e) Pensions

Annual pensions are calculated as 2% of a member's average salary during the five years of highest salary, multiplied by the total number of years of service to a maximum of 35. At age 65, members' pensions are reduced due to integration with the Canada Pension Plan.

2. Significant Accounting Policies

The financial statements are prepared in accordance with Canadian generally accepted accounting principles. The following accounting policies are considered significant.

a) Investments

Investments in bonds and debentures and equities are recorded at market values which are determined by reference to closing year end sales prices from recognized security dealers or, in the absence of recorded sales, by reference to closing year end bid and ask prices.

Pooled funds are valued based on the net asset value per unit of the underlying assets on the last valuation date.

Short term investments and cash are valued at cost which approximates market value.

The change in the market value of investments during the year is reflected on the financial statements as a market value adjustment.

b) Investment Transactions and Income

Investment transactions are recorded on the trade date. Transaction conducted in foreign currencies are translated into Canadian dollars using the exchange rate in effect at the transaction date. Dividend income is recognized on the record date.

3. Investments

The investment objectives of the Plan are to ensure the Plan has sufficient assets to meet future pension obligations and to generate sufficient cash flow to meet pension payments. Due to the long-term horizon of the Plan's liabilities, the Plan takes a long-term investment perspective. The strategy employed to achieve these objectives is to invest cash flows from contributions and investment returns into pooled funds.

a) Interest Rate Risk

Interest rate risk refers to the adverse consequences of interest rate changes on the Plan's cash flows, financial position and income. This risk arises from differences in the timing and amount of cash flows related to the Plan's assets and liabilities.

The value of the Plan's assets is affected by short-term changes in nominal interest rates and equity markets.

b) Credit Risk

Credit risk arises from the potential for an investee to fail or for an issuer to default on its contractual obligations to the Plan. The Plan limits the credit risk by dealing with issuers that are considered to be high quality. The credit ratings used to describe the securities below are based on a recognized credit rating service.

During the 2001 year the Commission made the decision to convert all of its investments to pooled funds.

Pooled Funds

The Plan limits its investments in pooled equity funds to 10% of the market value of each fund. Foreign equities including foreign pooled funds are limited to 30% of the cost of the investment portfolio and are denominated in Canadian dollars. The Plan's units in pooled funds have no fixed interest rate and the returns are based on the success of the fund manager. The Plan's pooled funds are comprised of the following:

	Units Held		% of Total Units Outstanding		Market Value		Investment Income and Change in Market Value	
	2001	2000	2001	2000	2001	2000	2001	2000
	(000's)				(000's)		(000's)	
Greystone Fixed Income Fund	617	-	4.33	-	$6,105	$ -	$402	$ -
Greystone Canadian Equity Fund	200	-	1.57	-	3,514	-	-	-
Greystone Emerging Markets Fund	17	17	0.17	0.63	145	136	9	(29)
Greystone Non-North American Fund	124	103	0.16	0.18	1,175	1,281	(334)	(223)
Greystone US Equity Fund	153	121	3.24	1.37	1,989	1,688	(124)	(22)
Greystone Money Market Fund	66	-	2.98	-	664	-	23	-
					$13,592	$3,105	$ (24)	$(274)

4. Obligation for Pension Benefits

An actuarial valuation of the Liquor Board Superannuation Plan was performed as at June 30, 1999 and extrapolated to December 31, 1999, December 31, 2000 and December 31, 2001 by Aon Consulting. The actuary used the projected benefit method prorated on services to determine actuarial present value of accrued pension benefits.

The pension liability is based on a number of assumptions about future events including: interest rate, rate of salary increase, mortality, retirement rates and inflation. The actual rates may vary significantly from the long term assumptions used.

Significant long term actuarial assumptions used in the valuation were:

- general salary increases are expected to be 2.0% in 2001 to 2002 increasing to 3.00% in 2003 and thereafter
- the inflation rate for 2001 to 2002 is expected to be 2.0% increasing to 3.00% in 2003 and thereafter; and
- interest rate is 6.25% for 1999 and thereafter.

In 2001, the actuarial assumption for the inflation rate and general salary increase changed from 3.25% to 3.00% in 2003 and thereafter.

The following illustrates the effect of changing certain assumptions from assumed rates of: inflation 3.00%, salary 3.00%, interest rate 6.25% and post retirement indexing 1.5%.

Long Term Assumptions

	Inflation*		Salary		Interest		Post Retirement Indexing	
	4.0%	2.0%	4.0%	2.0%	7.25%	5.25%	2.5%	0.5%
(Decrease) increase in liability	(6.2%)	6.7%	0.9%	(1.0%)	(9.8%)	11.9%	7.3%	(6.3%)

* A change in the inflation rate of 1% has a corresponding change in the interest rate of 1%, in the salary scale of 1% and in the post retirement indexing of 1%.

The actuarial present value of accrued pension benefits contains a provision for ad hoc increases that require approval of the Lieutenant Governor-in-Council. For calculating the present value of accrued pension benefits, based on previous year's experience, 50% of the Consumer Price Index is used. The Lieutenant Governor–in-Council may, however, provide for supplementary allowances to be paid to superannuates in any year, in any amount and subject to any terms and conditions he considers advisable.

The unfunded liability is not payable immediately. The cash inflows from employee contributions and investment income and the cash outflow to pay the required pension obligation are calculated using the above assumptions. The net cash outflows in the next 5 years would be $13.8 million, in the next 10 years $30.2 million and in the next 30 years $90.8 million. If there are insufficient monies in the Fund to pay allowances or other payments, the Liquor and Gaming Authority is obligated to pay any such deficiency to the Fund.

The unfunded liability could be funded if payments of approximately $2,922,000 were made to the Fund each year for 15 years assuming an interest rate of 6.25%.

5. Due From General Revenue Fund

The Liquor Board Superannuation Plan bank account is included in the Consolidated Offset Bank Concentration (COBC) arrangement for the Government of Saskatchewan.

The Plan's earned interest is calculated and paid by the General Revenue Fund on a quarterly basis into the Plan's bank account using the Government's thirty day borrowing rate, and the Plan's average daily bank account balance. The Government's average thirty day borrowing rate in 2001 was 4.26% (2000 – 5.5%).

6. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies, boards and commissions related to the Plan by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan collectively referred to as "related parties". The administration expenses of the Plan are paid to the Public Employees Benefits Agency (PEBA) Revolving Fund.

The Plan holds investments in bonds and debentures of the Province of Saskatchewan at December 31, 2001 of $0 (2000 - $150,705).

Other transactions with related parties and amounts due to or from them are disclosed separately in these financial statements and notes.

Related party transactions with the Plan are in the normal course of operation and are recorded at exchange amounts agreed to by the parties to the transactions.

7. Investment Performance

The investment manager makes day-to-day decisions on whether to buy or sell investments in order to achieve the long term performance objectives set by the Commission. The Commission reviews the investment performance of the plan in terms of the performance of the benchmark portfolio over 4 year rolling periods. The primary long term investment performance objective for the entire portfolio is to outperform a benchmark portfolio.

The following is a summary of the Plan's investment performance:

	2001	Rolling Four Year Average Annual Return
Plan's actual rate of return (a)	0.6%	7.5%
Target rate of return (b)	-1.7%	6.8%

(a) The annual return is before deducting investment expenses.

(b) The Plan's target rate of return for its investment portfolio (return on the benchmark portfolio) has been determined using the actual returns of the market indexes such as the Toronto Stock Exchange 300 capped 10% Index, Morgan Stanley Capital International Europe Australia Far East Index and the Scotia Capital Markets Universe Bond Index.

8. Administration Expenses

	2001		2000
	Budget	Actual	Actual
Administration - PEBA Revolving Fund	$69,682	$37,312	$46,158
Custodian fees - Royal Trust	-	11,697	22,084
Investment management fees - Greystone	-	21,096	21,780
	$69,682	$70,105	$90,022

Custodian and investment management fees are based on the market value of the portfolio.

9. Fair Value of Financial Assets and Financial Liabilities

The pension liability is long term in nature. The Plan has no intention of settling its pension obligation in the near term and there is no market for settling its pension obligation. Therefore, determination of the fair value of the pension liability is not practical.

The following method and assumptions were used to estimate the fair value of each class of financial assets and financial liabilities:

Fair values of investments are considered to be market values (note 2).

For the following financial instruments the carrying amounts approximate fair value due to the immediate or short-term nature of these financial assets and financial liabilities.

a) employees' and employers' contributions receivable
b) other receivables
c) due from General Revenue Fund
d) accounts payable

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of net assets available for benefits, accrued pension benefits and unfunded liability of the Members of the Legislative Assembly Superannuation Plan as at March 31, 2002 and the statement of changes in net assets available for benefits and changes in accrued pension benefits for the year then ended. The Plan's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the net assets available for benefits, accrued pension benefits and unfunded liability of the Plan as at March 31, 2002 and the changes in the net assets available for benefits and changes in accrued pension benefits for the year then ended in accordance with Canadian generally accepted accounting principles.

FWendel

Regina, Saskatchewan
June 25, 2002, except as to Note 13
which is as of July 4, 2002

Fred Wendel, CMA, CA
Provincial Auditor

STATEMENT 1

THE MEMBERS OF THE LEGISLATIVE ASSEMBLY SUPERANNUATION PLAN STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS, ACCRUED PENSION BENEFITS AND UNFUNDED LIABILITY

AS AT MARCH 31

				2002	2001
	Defined Benefits	Defined Contributions	Annuities	Total	Total
ASSETS					
Investments (Note 3 & Schedule 1):					
Short-term	$ -	$ -	$ -	$ -	$ 1,505,302
Bonds and debentures	-	-	-	-	9,409,269
Equities	-	-	-	-	5,250,037
Pooled funds	-	19,534,933	1,945,246	21,480,179	5,227,305
	-	19,534,933	1,945,246	21,480,179	21,391,913
Receivables:					
Members' contributions	-	34,367	-	34,367	33,419
Minister of Finance contributions	-	94,490	-	94,490	140,307
Accrued investment income	-	-	-	-	157,602
Other	3,216	-	-	3,216	8,075
	3,216	128,857	-	132,073	339,403
Due from General Revenue Fund (Note 10)	-	93,104	9,547	102,651	139,938
Cash	-	-	-	-	2,160
Total assets	3,216	19,756,894	1,954,793	21,714,903	21,873,414
LIABILITIES					
Accumulated provision for annuities payable (Note 7)	-	-	1,930,000	1,930,000	1,893,000
Accounts payable	3,216	6,637	681	10,534	18,341
Total liabilities	3,216	6,637	1,930,681	1,940,534	1,911,341
NET ASSETS AVAILABLE FOR BENEFITS (Statement 2)	-	19,750,257	24,112	19,774,369	19,962,073
Accrued pension benefits (Statement 3)	26,734,700	19,750,257	-	46,484,957	46,722,431
Unfunded liability (surplus)	$26,734,700	$ -	$ (24,112)	$26,710,588	$26,760,358

(See accompanying notes to the financial statements)

STATEMENT 2

THE MEMBERS OF THE LEGISLATIVE ASSEMBLY SUPERANNUATION PLAN STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

FOR THE YEAR ENDED MARCH 31

				2002	2001
	Defined Benefits	**Defined Contributions**	**Annuities**	**Total**	**Total**
INCREASE IN ASSETS					
Investment income:					
Pooled funds	$ -	$ 644,910	$ 66,126	$ 711,036	$ -
Interest	-	139,455	14,299	153,754	688,273
Dividends	-	18,031	1,849	19,880	474,732
	-	802,396	82,274	884,670	1,163,005
Current period change in market values of investments	-	42,082	4,315	46,397	(449,207)
Contributions:					
Members		438,063	-	438,063	395,360
Minister of Finance - General Revenue Fund	2,370,891	486,897	-	2,857,788	2,798,591
	2,370,891	924,960	-	3,295,851	3,193,951
Total increase in assets	2,370,891	1,769,438	86,589	4,226,918	3,907,749
DECREASE IN ASSETS					
Annual allowances and annuities	2,316,767	-	174,055	2,490,822	2,419,631
Administration expenses (Note 9)	54,124	17,195	1,763	73,082	105,140
Change in provision for annuities payable (Note 7)	-	-	37,000	37,000	(7,000)
Transfers out	-	1,813,718	-	1,813,718	1,444,687
Total decrease in assets	2,370,891	1,830,913	212,818	4,414,622	3,962,458
Decrease in net assets	-	(61,475)	(126,229)	(187,704)	(54,709)
NET ASSETS AVAILABLE FOR BENEFITS, BEGINNING OF YEAR	-	19,811,732	150,341	19,962,073	20,016,782
NET ASSETS AVAILABLE FOR BENEFITS, END OF YEAR - to Statement 1	$ -	$19,750,257	$ 24,112	$19,774,369	$19,962,073

(See accompanying notes to the financial statements)

STATEMENT 3

THE MEMBERS OF THE LEGISLATIVE ASSEMBLY SUPERANNUATION PLAN
STATEMENT OF CHANGES IN ACCRUED PENSION BENEFITS

FOR THE YEAR ENDED MARCH 31

	Defined Benefits	
	2002 (Note 6)	2001
ACCRUED PENSION BENEFITS, beginning of year	$26,910,700	$27,500,700
INCREASE IN ACCRUED PENSION BENEFITS		
Interest on accrued benefits	1,610,000	1,649,000
Benefits accrued	-	7,000
Change in actuarial assumptions	397,000	-
Experience loss	134,000	-
	2,141,000	1,656,000
DECREASE IN ACCRUED PENSION BENEFITS		
Benefits paid	2,317,000	2,246,000
	2,317,000	2,246,000
ACCRUED PENSION BENEFITS, end of year – to Statement 1	$26,734,700	$26,910,700

THE MEMBERS OF THE LEGISLATIVE ASSEMBLY SUPERANNUATION PLAN NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2002

1. Description of Plan

a) General

The Members of the Legislative Assembly Superannuation Plan (Plan) was established under *The Members of the Legislative Assembly Superannuation Act, 1979* (Act) to provide pensions to individuals who are elected as Members of the Legislative Assembly of the Province of Saskatchewan.

The Plan has a defined benefit component, a defined contribution component, and annuity underwriting activities.

The defined benefit component consists of members who were first elected to the Legislative Assembly prior to April 1, 1979 and who did not elect to join the defined contribution component. These members have their superannuation allowance determined by a formula. Members first elected on or after April 1, 1979 participate in the defined contribution component. Members of the defined contribution component may elect to purchase an annuity from the Plan. The annuity underwriting activities are accounted separately within the Plan.

The Act also established the Members of the Legislative Assembly Superannuation Fund to accumulate all member contributions, investment earnings, and payments received from the General Revenue Fund.

Pensions, annuities, supplementary allowances, refunds and interest are paid out of the Fund.

The Minister of Finance is authorized to invest any part of the monies standing to the credit of the Plan in any securities authorized for investment pursuant to *The Pension Benefits Act, 1992*. Details of the Plan are contained in the Act.

b) Administration

The Minister of Finance is responsible for the Act. Day-to-day administration is provided by the Public Employees Benefits Agency.

c) Funding Policy

Members are required to contribute 9% of their indemnity and expense allowances to the Plan. As well, members with additional responsibilities contribute 9% of their additional allowance. The General Revenue Fund matches the members' contributions, and is required to make certain additional contributions to the Plan pursuant to the Act. As there are no assets associated with the defined benefit component, it is financed through contributions from the General Revenue Fund.

d) Retirement

Members may retire as early as age 50.

The annual allowance payable to members of the defined benefit component is one twenty-fifth of the member's average indemnity and expense allowances multiplied by the member's years of pensionable service. Members with additional responsibilities receive an additional allowance of one thirty-fifth of the member's average additional allowance multiplied by the member's years of pensionable service. Both average indemnity and average additional allowance are determined with reference to the highest four consecutive years of indemnity or additional allowance. An annual allowance shall not exceed 70% of that member's average annual indemnity and average additional allowance.

Members participating in the defined contribution component may elect to purchase a life annuity provided by the amount standing to the member's credit in the Plan. The member may elect to purchase an annuity from the Saskatchewan Pension Annuity Fund or from a private company that sells annuities.

2. Significant Accounting Policies

These financial statements are prepared in accordance with Canadian generally accepted accounting principles. The following policies are considered significant.

a) Basis of Presentation

Assets of the Plan are commingled for investment purposes. The defined contribution component is segregated by separating the annuity activity from the accounts of members who have not yet purchased annuities. For reporting purposes, the assets and investment income are allocated between the defined contribution component and the annuity activity based on their proportionate market value of the investment portfolio.

b) Investments

Investments in bonds and equities are recorded at market values which are determined by reference to closing year end sale prices from recognized security dealers or, in the absence of recorded sales, by reference to closing year end bid and ask prices. Transactions in bonds and equities are recorded as of the trade date. Pooled funds are recorded based on the quoted market price of underlying investments, normally the current bid price.

The change in market value of investments during the year is reflected on the financial statements in the current period as a current period change in the market value of investments.

Short-term investments are recorded at cost which approximates market value.

Fair value approximates market value of investments.

c) Foreign Currency Translation

Monetary items denominated in foreign currency are translated at the exchange rate in effect at year-end. Investments, revenue, and expenses are translated at the exchange rate in effect at the transaction date. Gains and losses arising on translation are included in the current period change in market value of investments.

d) Accumulated Provision for Annuities Payable

The accumulated provision for annuities payable represents the present value of the annuities underwritten by the plan and is determined pursuant to an actuarial valuation. Any change in the liability pursuant to the valuation is recognized as an increase or decrease in that year's statement of changes in net assets available for benefits.

3. Investments

The majority of the Plan's investments are in the defined contribution component. Members of this component of the Plan bear the investment risk. The investment policy is written with the defined contribution component foremost in mind even though the annuity component has some investments. The long-term goal of the defined contribution component is to achieve a minimum annualized rate of 3% above the Canadian consumer price index. The strategy employed to achieve this long-term goal is to invest cash flows from contributions and investment returns into a balance of equity and fixed income pooled fund investments.

a) Interest Rate Risk

Interest rate risk refers to the adverse consequences of interest rate change on the Plan's cash flows, financial position and income. This risk arises from differences in the timing and amount of cash flows related to the Plan's assets and liabilities.

The value of the Plan's assets is affected by short-term changes in nominal interest rates and equity markets.

b) Credit Risk

Credit risk arises from the potential for issuers of securities to default on their contractual obligations to the Plan. The Plan limits the credit risk by dealing with issuers that are considered to be high quality. The credit ratings used to describe the securities below are based on the Dominion Bond Rating Service and/or the Standard & Poors Bond Rating Service and/or Moody's Bond Rating Service.

During the year, the Plan made the decision to convert all of its investments to pooled funds.

Pooled Funds

Foreign equities including foreign pooled funds are limited to 35% of the cost of the investment portfolio and are denominated in Canadian dollars. The Plan holds units in pooled funds which have no fixed interest rate and its returns are based on the success of the fund manager. The Plan's pooled funds are comprised of the following:

	Units Held		% of Total Units Outstanding		Market Value		Investment Income and Change in Market Value	
	2002	2001	2002	2001	2002	2001	2002	2001
	(000's)				(000's)		(000's)	
Greystone Fixed Income Fund	1019	-	6.5%	-	$9,957	$ -	$373	$ -
Greystone Canadian Equity Fund	275	-	2.1%	-	5,152	-	319	-
Greystone Emerging Markets Fund	29	31	0.3%	0.3%	286	243	69	(73)
Greystone Non-North American Fund	205	188	0.3%	0.3%	1,938	2,012	(189)	(613)
Greystone US Equity Fund	246	225	5.0%	6.5%	3,167	2,972	(61)	(138)
Greystone Money Market Fund	98	-	4.6%	-	980	-	33	-
					$21,480	$5,227	$544	$(824)

4. Earnings Allocation to Members - Defined Contribution Component

Investment income plus the current year's allocation of the change in the market values of investments less administrative expenses is allocated annually to the individual members' account balances in accordance with the provisions of the governing legislation. In 2002, the earnings allocation rate was 4.42% (2001- 3.37%).

5. Statutory Reporting Requirements

In accordance with section 42 of the Act, the following information is provided:

		2002	2001
Contributors to the Plan:	defined benefit	0	0
	defined contribution	58	58

During the year 117 superannuates and spouses (2001 -118) received allowances.

6. Obligations for Pension Benefits - Defined Benefit Component

The present value of accrued pension benefits was determined using the projected benefit method prorated on service and the best estimate assumptions approved by the Public Employees Benefits Agency. An actuarial valuation was performed as at December 31, 1998 and December 31, 2001 by AON Consulting Inc. and an extrapolation was made to March 31, 2001and March 31, 2002, respectively.

The significant long-term assumptions used in determining the actuarial value of accrued pension benefits are:

	2002	2001
Interest rate	6.25%	6.25%
Salary escalation rate	N/a	3.25%
Inflation rate	3.00%	3.25%
Mortality table	1983 GAM	1983 GAM

The experience loss is mainly due to mortality experience.

Section 25.1 of the Act provides for a supplementary monthly allowance effective July 1 each year if persons in receipt of allowances under *The Superannuation (Supplementary Provisions) Act* are awarded additional supplementary allowances in the year. The increase is a dollar amount to each superannuate of the Members of the Legislative Assembly defined benefit component equal to one-sixth of the pensionable service of the member multiplied by the sum of their pensionable service and years in receipt of pension. The actuarial present value of accrued pension benefits contains a provision for these ad hoc increases which are subject to Lieutenant Governor in Council approval. The ad hoc assumption is 100% (2001 - 100%) of CPI based on previous years' experience.

The pension liability is based on a number of assumptions about future events including: interest rate, inflation rate, ad hoc indexing, and mortality. The actual rates may vary significantly from the long-term assumptions used.

The following illustrates the effect of changing certain assumptions from the assumed interest rate of 6.25% and inflation rate of 3.00%:

	Long-Term Assumptions			
	Interest		Inflation	
Assumptions	5.25%	7.25%	2.00%	4.00%
Liability increase (decrease)	9.65%	(8.23%)	.24%	(.24%)

The unfunded liability for the defined benefit component of the Plan is not payable immediately. The expected cash outflows to pay the required pension obligation are calculated using the above assumptions. The expected cash flows are not adjusted for inflation, they are based on actual dollar forecasts. The expected cash flows for the next five years would be $10.4 million, in the next 10 years $20.7 million, and in the next 25 years $43.0 million.

Paragraph 4(1)(c) of the Act states that if there are insufficient monies in the Fund to pay allowances or other payments, the Minister of Finance is obligated to pay any such deficiency out of the General Revenue Fund.

7. Accumulated Provision for Annuities Payable

The accumulated provision for annuities payable is the actuarial value of the future expected annuity benefit obligations to annuitants. An actuarial valuation was performed on the annuity activity as at March 31, 2002 and March 31, 2001 by AON Consulting Inc. The valuation represents the present value of the annuities underwritten by the Plan.

The interest rate assumptions were based on the interest rate agreed to when the annuity was purchased (conversion rate) for the first 15 years of the annuity and 6% thereafter. The average conversion rate weighted based on expected mortality for annuities presently being paid is 8.10%. The mortality rates used were 80% of the 1983 Group Annuity Mortality Table.

The annual change in the annuity payable is reflected in the statement of changes in net assets available for benefits. The principal components of change during the year were as follows:

(in thousands of dollars)

	2002	2001
Accumulated provision for annuities payable, beginning of year	$1,893	$1,900
Interest on accrued benefits	163	170
Annuities paid	(179)	(174)
Experience loss (gain)	53	(3)
Accumulate provision for annuities payable, end of year	$1,930	$1,893

The annuity payable is based on assumptions about future events including interest and mortality rates. The actual rates may vary significantly from the assumptions used. It is reasonably possible, based on existing assumptions, that changes in future conditions in the near term could require a material change in the annuity payable. A 1% increase in the interest rate assumption decreases the liability by $160,000 and a 1% decrease in the interest rate increases the liability by $187,000.

8. Related Party Transactions

All Government of Saskatchewan agencies such as departments, corporations, boards and commissions are related since all are controlled by the Government. Also, the Plan is related to non-Crown enterprises that the Government jointly controls or significantly influences. These financial statements include transactions with these agencies and the Plan, a pension plan established by the Government of Saskatchewan. Related party transactions with the Plan are in the normal course of operations and are recorded at the agreed upon exchange amounts charged by these organizations.

Included in bonds and debentures and investment income are Province of Saskatchewan holdings totaling $nil (2001 - $248,110) for bonds and debentures and investment income earned and market value adjustment of $6,064 (2001 - $-20,471). The weighted average effective rate is nil% (2001 – 5.73%).

Accounts balances resulting from the above transactions are included in the statement of net assets available for benefits and are settled on normal trade terms. Other transactions are disclosed separately in these financial statements.

9. Administration Expenses

The annual operating expenditures associated with the Plan's administration are paid to the Public Employees Benefits Agency Revolving Fund (PEBA) except for custodial fees and investment management fees which are paid directly. Custodial and investment management fees are based on market value of the Plan's portfolio.

	2002		2001	
	Budget	Actual	Budget	Actual
Administration cost – PEBA	$57,621	$33,450	$52,445	$ 50,752
Custodian fees - Royal Trust	-	8,682	-	22,154
Investment management fees - Greystone Capital Management Inc.	-	30,950	-	32,234
	$57,621	$73,082	$52,445	$105,140

10. Due from General Revenue Fund

The Plan's bank account has been included in the Consolidated Offset Bank Concentration (COBC) arrangement for the Government of Saskatchewan.

The Plan's earned interest totalled $8,137 (2001 - $9,176) and is calculated and paid by the General Revenue Fund on a quarterly basis into the Plan's bank account using the Government's thirty-day borrowing rate and the Plan's average daily bank account balance. The Government's average thirty-day borrowing rate for 2002 is 3.41% (2001 – 5.59%).

11. Investment Performance

The investment manager makes day-to-day decisions on whether to buy or sell investments in order to achieve the long-term performance objectives set by the Minister. The Public Employees Benefits Agency reviews the investment performance of the Plan in terms of the performance of the benchmark portfolio over four year rolling periods. The primary long-term investment performance objective for the entire portfolio is to outperform a benchmark portfolio.

The following is a summary of the Plan's investment performance:

	2002	Rolling Four Year Average Annual Return
Plan's actual rate of return (a)	4.4%	6.4%
Target rate of return (b)	3.0%	4.4%

(a) The annual returns are before deducting investment expenses.

(b) The Plan's target rate of return for its investment portfolio (return on the benchmark portfolio) has been determined using the actual returns of the market indexes such as the Toronto Stock Exchange CPMS 300 Index, Standard and Poor's 500 Stock Index and the Scotia Capital Markets Universe Bond Index, and the Morgan Stanley Capital International Europe, Australia, Far East Index.

12. Fair Value of Financial Assets and Financial Liabilities

The following method and assumptions were used to estimate the fair value of each class of financial assets and financial liabilities.

For the following financial instruments the carrying amounts approximate fair value due to the immediate or short-term nature of these financial assets and financial liabilities. These financial instruments are interest and non-interest bearing and are due or payable within the next year.

Due to this short-term maturity, the fair value of the following financial instruments approximates their carrying value:

a) Due from General Revenue Fund
b) Cash
c) Receivables
d) Accounts Payable

For all other investments, fair values are considered to be market value, as outlined in note 2.

The pension liability is long-term in nature and there is no market for settling these pension obligations. Therefore, determination of the fair value of the pension liability is not practicable.

The accumulated provision for annuities payable is long-term in nature. Therefore, determination of the fair value of the accumulated provision for annuities payable is not practicable.

13. Subsequent event

On July 3, 2002, the legislative assembly passed *The Members of the Legislative Assembly Benefits Act* (Act) to disestablish the Members of the Legislative Assembly Superannuation Plan effective September 1, 2002. In summary, under the Act members of the defined contribution component will become members of the Public Employees Pension Plan and annuitants will continue to receive their annuities from the Saskatchewan Pension Annuity Fund. Also, pensions to retired members of the defined benefit component will continue to be paid by the General Revenue Fund.

SCHEDULE 1

THE MEMBERS OF THE LEGISLATIVE ASSEMBLY SUPERANNUATION PLAN SCHEDULE OF INVESTMENT TRANSACTIONS

FOR THE YEAR ENDED MARCH 31

Investments at Market	**Balance March 31, 2001**	**Acquisitions**	**Dispositions**	**Balance Before Change in Market Value**	**Market Value Change**	**Balance March 31, 2002**
Bonds and Debentures:	$ 9,409,269	$ 4,642,065	$14,002,764	$ 48,570	$(48,570)	$ -
Canadian Equities:	5,250,037	498,846	6,010,821	(261,938)	261,938	-
Pooled Funds:						
Greystone US Equity Fund	2,971,845	601,586	320,170	3,253,261	(85,820)	3,167,441
Greystone-Emerging Markets Fund	242,700	10,150	25,084	227,766	58,566	286,332
Greystone-Non-North American Fund	2,012,760	404,221	251,944	2,165,037	(227,480)	1,937,557
Greystone Canadian Equities	-	5,770,673	895,000	4,875,673	276,503	5,152,176
Greystone Fixed Income	-	11,391,686	1,246,146	10,145,540	(188,740)	9,956,800
Greystone Money Market	-	3,468,210	2,488,337	979,873	-	979,873
Total Pooled Funds	5,227,305	21,646,526	5,226,681	21,647,150	(166,971)	21,480,179
Total Long-term Investments	19,886,611	26,787,437	25,240,266	21,433,782	46,397	21,480,179
Short-term Investments	1,505,302	7,736,183	9,241,485	-	-	-
Total Investments	$21,391,913	$34,523,620	$34,481,751	$21,433,782	$ 46,397	$21,480,179

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AUDITORS' REPORT

To the Members of the Legislative Assembly
Province of Saskatchewan

We have audited the statement of net assets available for benefits of the Municipal Employees' Pension Plan as at December 31, 2001 and the statements of changes in net assets available for benefits and changes in accrued pension benefits for the year then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Municipal Employees' Pension Plan as at December 31, 2001 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Regina, Canada

February 4, 2003

KPMG LLP, a Canadian owned limited liability partnership established under the laws of Ontario,
is the Canadian member firm of KPMG International, a Swiss nonoperating association.

MUNICIPAL EMPLOYEES' PENSION PLAN

STATEMENT 1

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS, ACCRUED PENSION BENEFITS AND SURPLUS

AS AT DECEMBER 31

	(in thousands)	
	2001	2000
ASSETS		
Investments (Note 3)		
Short term	$ 15,691	$ 42,733
Bonds	295,018	262,519
Equities	296,493	307,995
Pooled funds	307,336	302,023
Mortgages	2,321	2,428
Real estate	41,178	30,810
	958,037	948,508
Accounts receivable		
Employees' contributions	844	950
Employers' contributions	844	949
Other receivables	496	17
Accrued income	3,852	3,807
Due from General Revenue Fund (Note 4)	933	710
	6,969	6,433
Cash	463	577
Total assets	965,469	955,518
LIABILITIES		
Accounts payable	1,347	2,384
Accumulated provision for future annuities (Note 8)	42,466	39,761
Total liabilities	43,813	42,145
NET ASSETS AVAILABLE FOR BENEFITS	921,656	913,373
Accrued pension benefits (Statement 3, Note 7)	809,324	863,669
SURPLUS	$112,332	$ 49,704

(See accompanying notes to the financial statements)

MUNICIPAL EMPLOYEES' PENSION PLAN

STATEMENT 2

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

YEAR ENDED DECEMBER 31

	(in thousands) 2001	2000
INCREASE IN ASSETS		
Investment income		
Interest	$ 22,643	$ 22,493
Dividends	25,007	24,031
Mortgages	126	225
Real estate	3,174	2,282
	50,950	49,031
Change in market value	(26,945)	40,739
Contributions		
Employee contributions	13,546	11,531
Employer contributions	13,361	11,448
Reciprocal transfers in	169	89
	27,076	23,068
Total increase in assets	51,081	112,838
DECREASE IN ASSETS		
Transfers, refunds and benefit payments (Note 6)	9,539	7,269
Defined benefit allowances	21,465	20,933
Annuity allowances	5,158	3,880
Administration costs (Note 9)	2,068	2,279
Investment and custodial fees (Note 9)	1,863	1,906
Change in provision for future annuities (Note 8)	2,705	5,675
Total decrease in assets	42,798	41,942
INCREASE IN ASSETS	8,283	70,896
NET ASSETS AVAILABLE FOR BENEFITS, BEGINNING OF YEAR	913,373	842,477
NET ASSETS AVAILABLE FOR BENEFITS, END OF YEAR	$921,656	$913,373

(See accompanying notes to the financial statements)

MUNICIPAL EMPLOYEES' PENSION PLAN
STATEMENT OF CHANGES IN ACCRUED PENSION BENEFITS

STATEMENT 3

YEAR ENDED DECEMBER 31

	(in thousands) 2001	2000
ACCRUED PENSION BENEFITS, BEGINNING OF YEAR	$863,669	$803,405
Increase in accrued pension benefits		
Interest on accrued benefits	58,551	55,553
Benefits accrued	38,779	34,167
Experience losses	37,343	-
	134,673	89,720
Decrease in accrued pension benefits		
Benefits paid	31,004	28,204
Experience gains	-	1,252
Changes in assumptions	158,014	-
	189,018	29,456
ACCRUED PENSION BENEFITS, END OF YEAR	$809,324	$863,669

(See accompanying notes to the financial statements)

MUNICIPAL EMPLOYEES' PENSION PLAN
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2001

1. Description of the Municipal Employees' Pension Plan

General

The Municipal Employees' Pension Plan (the Plan) is composed of several activities. The following description of the Plan is a summary only. For more complete information, reference should be made to *The Municipal Employees' Pension Act*.

The Municipal Employees' Pension Act (the Act), Section 11, provides authority for the Plan. The Act directs that all allowances, payments and refunds under the Act shall be payable out of the Plan in the manner provided in the Act together with all benefits granted under a former Act. The Municipal Employees' Pension Commission is responsible for holding in trust and investing the monies of the Plan. The Municipal Employees' Pension Commission's composition and authority to administer the Plan are provided in Section 7 of the Act.

Defined Benefit Plan

The Defined Benefit Plan became effective July 1, 1973. This Defined Benefit Plan is mandatory for permanent employees and optional for non-permanent employees.

A. Funding Policy

Effective January 1, 1993, contributions are established at 5.4% of salary (7.3% for designated police officers and firefighters). Contributions prior to January 1, 1993 were established at 7% of earnings net of deemed Canada Pension Plan contributions. Contributions are matched by the employer.

B. Pensions

Employees receive a pension at age 65 (age 60 for designated police officers and firefighters), for each year and fractional year of contributory service in the Plan prior to retirement that is determined as:

For service earned before 1990 and service earned after 2000 but before 2006, the number of years of contributory service during these periods times the greater of:

a) 1.8% times the average salary for the highest three annualized years of the member's total pensionable service in the Plan (2% for police officers and firefighters); or

b) i) 1.3% of that portion of the member's average salary not exceeding the average yearly maximum pensionable earnings under the Canada Pension Plan; and

   ii) 2% of that portion of the member's average salary exceeding the average yearly maximum pensionable earnings under the Canada Pension Plan.

For service earned after 1989 but before 2001 and service earned after 2005, the number of years of contributory service during these periods times the greater of:

a) 1.5% times the average salary for the highest three annualized years of the member's total pensionable service in the Plan (1.7% for police officers and firefighters); or

b) i) 1.3% of that portion of the member's average salary not exceeding the average yearly maximum pensionable earnings under the Canada Pension Plan; and

ii) 2% of that portion of the member's average salary exceeding the average yearly maximum pensionable earnings under the Canada Pension Plan.

C. Retirement

Normal retirement is at age 65 for general members and age 60 for emergency members. Members may retire earlier under certain conditions.

The Plan also provides benefits in the event of termination of employment, death or disability.

D. Surplus

Any surpluses arising in the Plan can be utilized at the discretion of the Commission.

Money Accumulation Plan

The Money Accumulation Plan consists of members who made contributions to the Money Accumulation Plan in effect prior to July 1, 1973. Members may retire and purchase an annuity at age 65. Members may retire earlier under certain conditions. Upon retirement a member must purchase an annuity from either the Plan or a private insurer based on employee and employer contributions together with the interest thereon. The annuity purchased from the Plan can be indexed or not. In the event of death prior to retirement, the member's spouse may receive a life annuity or elect to receive a lump sum payment of employee and employer contributions plus interest. If the member's beneficiary is other than the spouse, a lump sum payment of employee and employer contributions plus interest is made.

In addition, the accounts set up to record mandatory contributions made to the Plan prior to July 1, 1973, may also contain:

- voluntary employee and/or employer contributions made either before or after July 1, 1973 and until December 31, 1992;
- any employee and/or employer contributions made to the Plan subsequent to normal retirement age; and
- any excess employee funds transferred from the Defined Benefit Plan pursuant to subsection 20(4) of *The Municipal Employees' Pension Act* up until December 31, 2000.

Annuity Underwriting

If a member elects to purchase an annuity through the Commission, an annuity contract is issued based on the member's balance, current interest rates and annuity tables.

The present value of future annuities is reflected as a liability of the Plan.

Supplementary Benefits

In accordance with the Act, the Commission may grant supplementary benefits to those members receiving pensions and annuities to compensate them for lost purchasing power. The Commission may grant the supplementary benefits as long as the solvency of the entire Plan is not impaired.

Those annuitants who purchased indexed annuities are indexed using the Saskatchewan Consumer Price Index each January. The Commission has guaranteed indexation on pensions with service accrued before 1999 equal to the lesser of the increase in the Saskatchewan Consumer Price Index during the previous calendar year or an annual rate of 2%.

2. Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The significant accounting policies are as follows:

Valuation of Investments

Investments in bonds and equities are recorded at market values which are determined by reference to closing year end sale prices from recognized security dealers or, in the absence of recorded sales, by reference to closing year end bid and ask prices.

Investment transactions are recorded on the trade date. Interest income is accrued monthly and dividend income is recognized on the record date.

Short term investments are valued at cost, which approximates market value.

Pooled funds are valued based on the quoted market price of the underlying investments, normally the current bid price.

Real estate is valued at market value as estimated by independent appraisals.

Mortgages are valued at their net present value by discounting cash flows to current market rates of return.

Foreign Currency

Transactions conducted in foreign currencies are translated into Canadian dollars using the exchange rate in effect at the settlement date. Gains and losses arising on translation are included in the current period change in market value of the investments. Monetary items denominated in foreign currency are translated at the exchange rate in effect at year end.

Accumulated Provision for Annuities Payable

The accumulated provision for annuities payable represents the present value of the annuities underwritten by the Plan and is determined pursuant to an actuarial valuation. Any change in the liability pursuant to the valuation is recognized as a revenue or expense item in that year's operations.

3. Investments

The investment objectives of the Plan are to ensure the Plan has sufficient assets to meet future pension obligations and to generate sufficient cash flow to meet pension payments. Due to the long term horizon of the Plan's liabilities, the Plan takes a long term investment perspective. The strategy employed to achieve these objectives is to use investment managers to invest cash flows from contributions, maturing debentures, and investment returns into assets such as Canadian equities, pooled funds, money market securities and bonds.

a) Interest Rate Risk

Interest rate risks refers to the adverse consequences of interest rate changes on the Plan's cash flows, financial position and income. This risk arises from differences in the timing and amount of cash flows related to the Plan's assets and liabilities.

The value of the Plan's assets is affected by short term changes in nominal interest rates and equity markets.

b) Credit Risk

Credit risk arises from the potential for a counterparty to fail or for a counterparty to default on its contractual obligations to the Plan. The Plan limits the credit risk by dealing with counterparties that are considered to be high quality. The credit ratings used to describe securities below are based on a recognized credit rating service.

Short Term Investments

These investments are comprised of treasury bills, notes and commercial paper. Short term investments for the year 2001 had effective interest rates of 2.0% to 2.3% (2000 - 5.5% to 8.6%) and an average term to maturity of 86 days (2000 - 93 days). The Plan's investment policy states that investments must meet a minimum investment standard of "R-1" or equivalent rating as rated by a recognized bond rating service. Other than the Government of Canada, no single issuer represents more than 22.18% (2000 - 18.37%) of the total Plan's short term investments.

Bonds and Debentures

The Plan's investment policy states that bonds must meet a minimum quality standard of BBB as rated by a recognized bond rating service. In addition, not more than 15% of its total bond market value may be invested in BBB rated bonds. As at December 31, 2001, the Plan held 4.78% (2000 – 4.28%) of its portfolio in BBB bonds.

The Plan's investment in bonds and debentures are described below.

	2001 (in thousands)						2000 (in thousands)		
Years to Maturity	Federal	Provincial	Corporate	Total Market Value	Coupon Rate	Weighted Yield to Maturity at Market	Total Market Value	Coupon Rate	Weighted Yield to Maturity at Market
Under 5	$ 63,500	$18,664	$40,253	$122,418	4.22-9.70%	5.86%	$ 98,346	4.88-9.7%	6.05%
5 to 10	43,478	13,977	29,975	87,430	4.50-10.40%	6.27%	85,435	5.25-10.75%	6.70%
Over 10	52,045	12,862	20,264	85,171	5.05-11.25%	6.08%	78,738	4.21-11.25%	5.94%
Market Value	$159,023	$45,503	$90,492	$295,018			$262,519		

Actual maturity may differ from contractual maturity because certain borrowers have the right to call or prepay certain obligations with or without call or prepayment penalties.

Included in bonds and debentures are corporate bonds denominated in United States dollars. The Canadian market value of these bonds is $1,110,493 (2000 - $2,918,956).

Equities

The Plan's investment policy allows no one holding to represent more than 10% of the market value of the related portfolio and no one holding to represent more than 10% of the common stock in any corporation.

The investment policy allows between 20% and 40% of the fund to be invested in foreign equities, including those held in pooled funds. As at December 31, 2001 the Plan held 23.9% (2000- 22.2%) in total foreign equities.

All foreign equities are denominated in Canadian dollars.

The Plan's equities include common shares that have no fixed maturity date and are generally not exposed to interest rate risks. Dividends are generally declared on a quarterly basis. The average effective dividend rate is 1.97% (2000- 1.90%).

Pooled Funds

The Plan limits its investments in pooled equity funds to 10% of the market value of each fund. The Plan holds units in pooled funds which have no fixed interest rate and its returns are based on the success of the investment manager.

The Plan's pooled funds are comprised of:

	Market Value (in thousands of dollars)	
	2001	2000
North American Equity		
Barclays Synthetic US Equity Fund	$ 50,215	$ 33,579
Barclays Synthetic US Mid Cap Equity Fund	38,318	34,986
Global Equity		
Greystone Non-North American Fund	51,174	58,714
Greystone Emerging Market Fund	4,780	4,486
Brandes International Equity Fund	89,024	75,259
Fixed Income Funds		
Barclays Bond Fund	73,825	94,999
	$307,336	$302,023

The Barclays synthetic funds use US stock index futures combined with Canadian money market instruments to create a synthetic US equity investment, hedged into Canadian dollars.

Mortgages

All mortgages are secured by Canadian commercial properties and have effective and stated interest rates of 7.7% to 11.07% (2000 – 7.7% to 11.07%) with an average remaining term to maturity of 6.9 years (2000 - 5.8 years). Principal and interest are receivable on a monthly basis.

Real Estate

Investments in real estate consist of Canadian commercial property.

Included in the totals for real estate are holdings of SaskPen Properties Ltd. totaling $1,945,312 (2000 – $2,100,538). SaskPen Properties Ltd. is a real estate corporation beneficially owned by Crown managed pension funds in the Province of Saskatchewan. Investment income including the current period change in the market value of investments from this holding totaled $263,818 (2000 - $198,206).

4. Due from General Revenue Fund

The Municipal Employees' Pension Plan's bank account is included in the Consolidated Offset Bank Concentration arrangement for the Government of Saskatchewan.

Earned interest is calculated and paid by the General Revenue Fund on a quarterly basis using the Government's thirty day borrowing rate and the Municipal Employees' Pension Plan's average daily bank account balance. The Government's thirty day borrowing rate for 2001 was 4.3% (2000 - 5.5%).

5. Earnings Allocation to Members

Part of the change in market values of investments is allocated annually to members of the Plan. The maximum market value change deferred to future years is 3% of the total market value of investments at December 31 of each year. Unallocated changes are recognized equally in each of the three subsequent years.

These unallocated changes are included as follows:

(in thousands)

	Members' Accumulated Balances	Unallocated Change in Market Value	Net Assets Available for Benefits
2001	$927,800	$(6,144)	$921,656
2000	$884,918	$28,455	$913,373

Interest is allocated annually to the individual member's account balances in accordance with the provisions of the governing legislation. In 2001, an interest rate of 5.7% (2000 - 9.1%) was approved by the Commission for the Money Accumulation Plan and 5.7% (2000 - 9.1%) for the Defined Benefit Plan. The interest allocated is investment income, the current year's allocation of the change in market values of the investments, less administration, custodian and investment managers' fees.

6. Transfers, Refunds and Benefit Payments

(in thousands)

	2001	2000
Transfers to other retirement plans	$ 628	$ 294
Transfers to locked-in RRSPs	5,445	2,742
Lump sum payments to estates	1,119	911
Payments in lieu of annuities	287	340
Withdrawals with interest	2,060	2,982
	$9,539	$7,269

7. Actuarial Valuation-Accrued Pension Benefits

The actuarial present value of pension benefits for the defined benefit component of the Plan was determined using the projected benefit method prorated on service and the administrator's best estimate of future investment performance, salary escalation and future pension indexing.

An actuarial valuation, performed as at December 31, 2001 by Eckler Partners Ltd. showed that the Plan had an actuarial surplus in respect of past service. The previous valuation was performed as at December 31, 1998 by AON Consulting Inc. and extrapolated to December 31, 2000.

The pension liability is based on a number of assumptions about future events including interest rates, rate of salary increases, inflation, mortality, retirement rates and termination rates. The assumptions used in determining the actuarial present value of pension benefits for the defined benefit component of the Plan were:

	2001	2000
Interest rate	6.5%	6.75%
Salary escalation rate	4%	4% to 5%
Inflation	3%	3% to 4%
Indexation of pensions	100% of inflation for post 1998 benefits	100% of inflation
Mortality	GAM 1994 (without projection)	GAM 1983 (projected to 2005)

Actual rates may vary significantly from the long term assumptions used. The following illustrates the effect of changing certain assumptions from the assumed rates of salary 4%, interest rate 6.5% and pension indexing 3%. The changes in assumptions are independent of one another.

	Effect on Accrued Pension Benefits Liability					
	Salary		Interest Rate		Pension Indexing (post 1998)	
Assumptions	3.0%	5.0%	5.5%	7.5%	2.0%	4.0%
(Decrease) Increase	(2.9)%	3.4%	15.6%	(11.5)%	(1.5)%	1.8%

A decrease in the accrued pension benefits liability of $158,014,000 was due to changes in assumptions. The significant changes in assumptions include a decrease in pension indexing from 4% to 3% and a maximum indexing of 2% on pre 1999 benefits instead of using the full rate of inflation. Experience losses of $37,343,000 arose in the actuarial valuation due to differences between the actual and expected experience of terminations, retirements, mortality, and salary variations.

8. Accumulated Provision for Future Annuities

The accumulated provision for annuities payable is the actuarial present value of the expected annuity benefit obligations to annuitants. Eckler Partners Ltd performed an actuarial valuation of annuities as at December 31, 2001. The previous actuarial valuation was performed by AON Consulting Inc. as at December 31, 2000.

The actuarial valuation was based on a number of assumptions about future events including interest rates, pension indexing and mortality. The interest rate assumption is 6.0% (2000 – 6.75%), pension indexing is 3% (2000 – 4%) and for mortality the 1994 Group Annuity Mortality table rates are used (2000 – 1983 Group Annuity Mortality table rates projected to 2005).

The actual rates may vary significantly from the assumptions used. The following illustrates the effect of changing certain assumptions from the assumed interest rate of 6.0% and pension indexing of 3%. The changes in assumptions are independent of one another.

	Effect on Accumulated Provision for Future Annuities Liability			
	Interest Rate		Pension Indexing	
Assumptions	5.0%	7.0%	2.0%	4.0%
(Decrease) Increase	7.3%	0.0%	(0.1)%	0.2%

The increase in the interest rate does not decrease the provision for future annuities liability as any excess interest above 6% will increase benefits to annuitants.

The annual change in the annuities payable is reflected in the statement of changes in net assets available for benefits. The principal components of change during the year were as follows:

	(in thousands) 2001	2000
Accumulated provision for annuities payable, beginning of year	$39,761	$34,086
Interest on provision for annuities payable	2,536	2,301
New annuities purchased during the year	504	1,212
Annuities paid	(5,158)	(3,880)
Ad hoc indexing increases	3,268	-
Experience losses	102	522
Change in assumptions	1,453	5,520
Accumulated provision for annuities payable, end of year	$42,466	$39,761

9. Administration Expenses

The annual operating expenditures associated with the Plan's administration are paid to the Public Employees Benefits Agency Revolving Fund except for custodial fees and investment management fees, which are paid directly.

(in thousands of dollars)

	2001		2000	
	Budget	Actual	Budget	Actual
Administration costs	$2,991	$2,068	$2,508	$2,279
Custodial fees	99	96	121	104
Investment management fees	1,982	1,767	1,883	1,802
	$5,072	$3,931	$4,512	$4,185

10. Related Party Transactions

All Government of Saskatchewan agencies such as departments, corporations, boards and commissions are related since all are controlled by the Government. Costs charged by the Public Employees Benefits Agency Revolving Fund in administering the Plan are reflected in these financial statements.

The Plan holds $3,761,027 (2000 - $3,074,461) Province of Saskatchewan Bonds and Debentures. Investment income on these bonds and debentures, including the current period change in the market value of investments, was $243,068 (2000 - $567,169).

Other related party transactions are disclosed separately in these financial statements.

Account balances resulting from the above transactions are included in the statement of net assets available for benefits and are settled at agreed upon exchange rates.

11. Investment Performance

The investment managers make day-to-day decisions on whether to buy or sell investments in order to achieve the long term performance objectives set by the Commission. The Commission reviews the investment performance of the plan in terms of the performance of the benchmark portfolio over 4 year rolling periods. The primary long term investment performance objective for the entire portfolio is to outperform a benchmark portfolio.

The following is a summary of the Plan's investment performance:

	2001	Rolling Four Year Average Annual Return
Plan's actual rate of return (a)	2.6%	8.9%
Target rate of return (b)	(3.2)%	6.4%

(a) The annual returns are before deducting investment expenses.
(b) The Plan's target rate of return for its investment portfolio (return on the benchmark portfolio) has been determined using the actual returns of the market indexes such as the Toronto Stock Exchange 300 Index, Standard & Poors 500 US Stock Index and the Scotia Capital Markets Universe Bond Index.

12. Fair Value

For the financial instruments including cash, short term investments, accounts receivable, and accounts payable, the cost approximates the fair value due to their immediate or short term maturity. The fair values of investments are considered to be market value, the calculation of which is detailed in Note 2. The fair value of the accumulated provision for annuities payable, as well as the accrued pension benefit liability, cannot be readily determined, however information about these liabilities is provided in Notes 7 and 8.

13. Comparative Figures

Certain comparative figures have been reclassified to conform to the current year's financial statement presentation.

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Public Employees Dental Fund as at December 31, 2001 and the statements of operations and net assets, and cash flows for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred Wendel, CMA, CA
Acting Provincial Auditor

Regina, Saskatchewan
February 25, 2002

PUBLIC EMPLOYEES DENTAL FUND
STATEMENT OF FINANCIAL POSITION

STATEMENT 1

AS AT DECEMBER 31

	2001	2000
ASSETS		
Due from General Revenue Fund (Note 3 and 6)	$11,468,543	$8,968,530
Employer contributions receivable (Note 6)	430,511	566,750
Other receivable	-	31,653
Total Assets	$11,899,054	$9,566,933
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable (Note 6)	$ 118,126	$ 137,137
Unpaid claims (Note 7)	833,416	1,206,821
	951,542	1,343,958
NET ASSETS (STATEMENT 2)	10,947,512	8,222,975
TOTAL LIABILITIES AND NET ASSETS	$11,899,054	$9,566,933

(See accompanying notes to the financial statements)

STATEMENT 2

PUBLIC EMPLOYEES DENTAL FUND
STATEMENT OF OPERATIONS AND NET ASSETS

YEAR ENDED DECEMBER 31

	2001		2000
	Budget (Note 8)	Actual	Actual
REVENUE			
Employer contributions	$13,901,000	$14,340,667	$13,239,058
Interest (Note 3)	450,000	410,823	432,837
	14,351,000	14,751,490	13,671,895
EXPENSES			
Claims incurred	12,200,000	11,558,361	11,118,659
Adjudication fees	377,800	365,242	349,771
Administration expenses (Note 4)	170,934	103,350	129,185
	12,748,734	12,026,953	11,597,615
Surplus for the year	1,602,266	2,724,537	2,074,280
NET ASSETS, BEGINNING OF YEAR	8,222,975	8,222,975	6,148,695
NET ASSETS, END OF YEAR (STATEMENT 1)	$ 9,825,241	$10,947,512	$ 8,222,975

(See accompanying notes to the financial statements)

PUBLIC EMPLOYEES DENTAL FUND
STATEMENT OF CASH FLOWS

STATEMENT 3

YEAR ENDED DECEMBER 31

	2001	2000
Cash flows from operating activities:		
Employer contributions received	$14,476,906	$13,142,926
Interest received	410,823	432,837
Claims paid	(11,931,767)	(11,250,206)
Administration expenses paid	(116,289)	(117,290)
Adjudication fees paid	(339,660)	(392,641)
Net increase in cash	2,500,013	1,815,626
DUE FROM GENERAL REVENUE FUND, BEGINNING OF YEAR	8,968,530	7,152,904
DUE FROM GENERAL REVENUE FUND, END OF YEAR	$11,468,543	$ 8,968,530

(See accompanying notes to the financial statements)

PUBLIC EMPLOYEES DENTAL FUND
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2001

1. Description of the Fund

The Public Employees Dental Fund is used to account for the transactions of the Public Employees Dental Plan. The Plan was established February 1, 1982 and continues under subsection 64(2) of *The Financial Administration Act, 1993*. The Plan is designed to promote good dental health among plan members by reducing the members' costs for preventive, routine and major dental services.

The Plan is funded entirely by the employers who are members of the Plan. Employers consist of the Public Service of Saskatchewan as defined by the *Public Service Act*, and certain Saskatchewan crown agencies, whose participation in the Plan has been approved by the Lieutenant Governor in Council. The contribution rate is 1% of regular pay. In addition to this, certain employers pay an additional amount to cover enhanced dental benefits. Premiums on enhanced dental benefits are adjusted for experience.

Claims are adjudicated and processed for payment by the Canada Life Assurance Company.

2. Significant Accounting Policies

The financial statements are prepared in accordance with Canadian generally accepted accounting principles. The following accounting policies are considered significant.

a) Employer Contributions

Employers are billed premiums at the end of each month. Premiums are recognized as revenue when due.

b) Interest Revenue

Interest is recognized as earned during the year.

c) Unpaid Claims

The provision for unpaid claims represents a provision for the cost of claims reported but not paid prior to year end and an estimate of claims incurred but not reported based upon the claims settlement experience.

d) Accounts Payable

The estimate of administrative expenses to be incurred on claims settlement is included in the provision for accounts payable. The estimates are necessarily subject to uncertainty and are selected from a range of possible outcomes.

e) Cash and Cash Equivalents

Cash consists of the Due from General Revenue Fund.

3. Due from General Revenue Fund

The Public Employees Dental Fund Bank account is included in the Consolidated Offset Bank Concentration (COBC) arrangement for the Government of Saskatchewan.

The Dental Fund's interest income is calculated and paid by the General Revenue Fund on a quarterly basis into the Dental Fund's bank account using the Government's thirty day borrowing rate, and the fund's average daily bank account balance. The Government's average thirty day borrowing rate in 2001 was 4.26% (2000 – 5.50%).

4. Administrative Expenses

The Public Employees Benefits Agency Revolving Fund administers the Public Employees Dental Fund for a mutually agreed upon fee. The Public Employees Dental Fund pays the administration expenses to the Public Employees Benefits Agency Revolving Fund on agreed upon dates.

5. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies, boards and commissions related to the Fund by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan, collectively referred to as "related parties". These transactions are recorded at agreed upon exchange amounts.

All employer contributions and employer contribution receivables are from related parties.

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and notes thereto.

6. Fair Value of Financial Assets and Financial Liabilities

The following methods and assumptions were used to estimate the fair value of each class of financial assets and financial liabilities.

For the financial instruments including:
a) due from General Revenue Fund
b) receivables, and
c) accounts payable

the carrying value approximates the fair value due to their immediate or short-term maturity. The fund is exposed to minimal credit risk from the potential non-payment of accounts receivable as these receivables are from government agencies and were collected shortly after year-end.

7. Provision for Unpaid Claims

The provision for unpaid claims includes two components:

a) claims that have been reported but not paid by year end; and
b) claims that have been incurred but not yet reported by year end.

The provision for unpaid claims includes $346,965 (2000- $339,285) for claims that have been reported but not paid at December 31, 2001. The carrying value of this portion of the provision for unpaid clams approximates the fair value because of its immediate nature.

Management estimated the remainder of the provision for unpaid claims at December 31, 2001 to be $486,450 (2000- $867,561) for claims that have been incurred but not yet reported. There are a number of factors used to estimate this portion of the provision, such as the Fund's experience with claims, and historical trends involving claim payments. Dental claims are short-tail claims and tend to be reasonably predictable.

However, the establishment of the portion of the estimated provision for unpaid claims that have been incurred but not yet reported relies on a number of factors which necessarily involves risks that the actual results may differ materially from the estimates in the near term. The determination of the fair value for this portion of the provision for unpaid claims is not practical. In 2001, the Fund paid $816,507 related to claims incurred but not yet reported prior to December 31, 2000.

8. Budget

The Public Employees Benefits Agency prepares and approves the budget.

9. Comparative Figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Public Employees Disability Income Fund as at December 31, 2001 and the statements of operations and net assets, and cash flows for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Wendel

Regina, Saskatchewan
February 21, 2002

Fred Wendel, CMA, CA
Acting Provincial Auditor

PUBLIC EMPLOYEES DISABILITY INCOME FUND
STATEMENT OF FINANCIAL POSITION

STATEMENT 1

AS AT DECEMBER 31

	2001	2000
ASSETS		
Current Assets:		
Cash	$ 376	$ 80
Accounts receivable (Note 8)	465,897	536,017
Receivable from Co-operators Life Insurance Company (Note 8)	470,078	392,818
	936,351	928,915
Due from Co-operators Life Insurance Company	53,693,429	52,080,850
Total assets	$54,629,780	$53,009,765
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable (Note 8)	$ 60,238	$ 192,235
Provision for claims payable (Note 3)	38,498,000	36,745,000
Total Liabilities	38,558,238	36,937,235
NET ASSETS (Statement 2)	16,071,542	16,072,530
TOTAL LIABILITIES AND NET ASSETS	$54,629,780	$53,009,765

(See accompanying notes to the financial statements)

PUBLIC EMPLOYEES DISABILITY INCOME FUND STATEMENT OF OPERATIONS AND NET ASSETS

STATEMENT 2

YEAR ENDED DECEMBER 31

	2001		2000
	Budget (Note 9)	Actual	Actual
REVENUE			
Premiums	$ 6,430,000	$ 6,004,145	$ 6,080,609
Investment Income	3,600,000	2,365,111	5,975,756
	10,030,000	8,369,256	12,056,365
EXPENSE			
Disability benefits	5,700,000	5,692,501	5,689,623
Change in provision for claims payable (Note 3)	-	1,753,000	2,307,000
Administration (Note 4)	689,581	541,704	618,633
Adjudication fees	240,000	243,881	314,644
Management fees (Note 5)	128,000	139,158	116,645
	6,757,581	8,370,244	9,046,545
(Deficit) surplus for the year	3,272,419	(988)	3,009,820
NET ASSETS, BEGINNING OF YEAR	16,072,530	16,072,530	13,062,710
NET ASSETS, END OF YEAR - Statement 1	$19,344,949	$16,071,542	$16,072,530

(See accompanying notes to the financial statements)

PUBLIC EMPLOYEES DISABILITY INCOME FUND
STATEMENT OF CASH FLOWS

STATEMENT 3

YEAR ENDED DECEMBER 31

	2001	2000
Cash flows from operating activities:		
Premiums received	$ 5,997,187	$ 5,739,286
Disability benefits paid	(5,688,466)	(6,051,747)
Administration expenses paid	(677,918)	(497,632)
Adjudication fees paid	(243,881)	(314,644)
Management fees paid	(139,158)	(116,645)
	(752,236)	(1,241,382)
Cash flows from investing activities:		
Proceeds from sale of investments	2,365,111	5,975,756
Purchase of investments	(1,612,579)	(4,736,435)
	752,532	1,239,321
Net Increase (Decrease) in cash	296	(2,061)
CASH, BEGINNING OF YEAR	80	2,141
CASH, END OF YEAR	$ 376	$ 80

(See accompanying notes to the financial statements)

PUBLIC EMPLOYEES DISABILITY INCOME FUND
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2001

1. Description of Fund

The Public Employees Disability Income Fund (PEDIF) is a special purpose fund used to account for the premiums, claims, investment and certain administrative transactions of the Disability Income Plan (Plan). The Plan continues under subsection 64(2) of *The Financial Administration Act, 1993*.

This Plan is managed by the Public Employees Benefits Agency (PEBA) and provides a level of income protection during periods of occupational or total disability. Plan participants are certain employees of the public service of the Province of Saskatchewan and Saskatchewan Crown agencies, whose participation in the Plan has been approved by the Lieutenant Governor in Council. The Plan is administered under the terms of an agreement with The Co-operators Life Insurance Company.

Employees and employers pay premiums monthly. Employees contribute 0.48% of their basic monthly salary and employers contribute 0.54%, except for some plan participants where the employer pays 100%.

2. Significant Accounting Policies

These financial statements are prepared in accordance with Canadian generally accepted accounting principles. The following accounting policies are considered significant.

a) Premiums revenue

Premiums are recognized as revenue when due.

b) Disability benefits expense

Disability benefits expense is recognized commencing in the year the claim is approved.

c) Due from Co-operators Life Insurance Company (Co-operators)

According to the agreement between PEBA and Co-operators, Co-operators has established a segregated fund for the investment of PEDIF monies. The balance in this segregated fund is a debt due by Co-operators to PEDIF and is represented by the investments held in the segregated fund.

The segregated fund is valued at market and any increase/decrease in the value of the segregated fund is accounted for in the statement of operations and net assets as investment income.

Fair value of the segregated fund approximates its market value.

d) Provision for claims payable

The provision for claims payable represents the present value of future payments arising from claims made prior to year end. This provision includes an estimated amount for claims incurred but not yet reported at year end. The provision for claims payable is determined pursuant to an actuarial valuation. Any resulting change in this liability is recognized as a revenue or expense in the statement of operations and net assets.

e) Cash

Cash consists of balances with the bank.

3. Provision for Claims Payable

An actuarial valuation was performed by Aon Consulting Inc. as at December 31, 2001 and as at December 31, 2000 to value the liability for the future cost of claim payments to disabled members which includes a provision for claims incurred but not yet reported.

The actuarial valuation of claims as at December 31 and the principal components of the change in actuarial valuation during the year, were as follows:

	2001	2000
Actuarial valuation, beginning of year	$36,745,000	$34,438,000
Interest accrued on benefits	2,297,000	2,152,000
Experience (gain)	(497,000)	(1,230,000)
Change in assumptions	-	556,000
New claims	6,012,000	6,668,000
Expected benefits payments	(6,059,000)	(5,839,000)
Actuarial valuation, end of year	$38,498,000	$36,745,000

The valuation is based on the following assumptions: 1) the allowance for claim termination is based on the 1987 Group Long Term Disabilities valuation tables published by the Society of Actuaries adjusted for experience; 2) the interest rate assumed is 6.25% (2000 – 6.25%); 3) a maximum 3% consumer price indexing of benefits before offset each year; 4) the inflation rate assumed is 3% for all future years (2000 – 3.25% for all future years).

The amount of benefits payable under the Disability Income Plan may be increased on October 1 each year. The increase in benefits is indexed, subject to a maximum of 3% per annum, to the Consumer Price Index for the year ending on the immediately preceding July 1.

If the valuation assumed no cost of living allowance indexing of benefits each year, the liability at December 31, 2001 would be $31,750,000 (2000 - $30,269,000).

The liability for claims is based on a number of assumptions about future events including: recovery and mortality rates, interest rate and expected benefits from other sources. The actual experience may vary significantly from the assumptions used.

The following illustrates the effect of changes in the interest rate, cost of living adjustment and recovery rates.

- a 1% change in interest rate equals a 6.3% change in the liability including the cost of living adjustment
- a change in the cost of living adjustment of 1% equals a 6.7% change in the liability
- a 10% change in recovery rates equals a 5.5% change in the liability

The provision for claims payable is long term in nature. The Fund has no intention of settling its obligation in the near term. Therefore it is not practical for the Fund to determine the fair value of the provision for claims payable.

4. Administration Expenses

The Public Employees Benefits Agency Revolving Fund administers the Public Employees Disability Income Fund for a mutually agreed upon fee. The Public Employees Disability Income Fund pays the annual administration expenses to the Public Employees Benefits Agency Revolving Fund on agreed upon dates.

5. Management Fees

The Minister of Finance is authorized to invest any part of the monies of the Disability Income Fund in any securities authorized for investment pursuant to the "Investment Policy Guidelines".

The Co-operators Investment Counselling Limited invests the monies of the Fund under a contract to provide services. The Fund pays management fees to the Co-operators Investment Counselling Limited.

6. Legal

The Fund is a party to a number of lawsuits relating to disability benefits for amounts totaling $554,722. The ultimate outcome of these lawsuits is not yet determinable. Benefit payments arising from the resolution of these lawsuits will be accounted for as an expenditure of the year in which the settlement occurs.

7. Investment Performance

The Fund's investments are represented by the amounts due from Co-operators Life Insurance Company (see note 2). Following is a summary of the Fund's investment performance:

	2001	Four year annualized return
Fund (a)	4.5%	7.0%
Benchmark (b)	0.7%	6.3%

(a) The annual returns are before deducting investment expenses.

(b) The benchmark return is the Fund's target rate of return for its segregated fund. The benchmark return is calculated using actual returns and the Fund's planned investment portfolio for its segregated fund.

8. Fair Value of Financial Assets and Financial Liabilities

The following methods and assumptions were used to estimate the fair value of each class of financial assets and financial liabilities.

For the financial instruments including:

(a) receivables, and
(b) accounts payable

the carrying value approximates the fair value due to their immediate or short-term maturity. The Fund is exposed to minimal credit risk from the potential non-payment of accounts receivable as these receivables are from government agencies and were collected shortly after year end.

9. Budget

PEBA prepares and approves the Public Employees Disability Income Fund's budget. PEBA included the Public Employees Disability Fund's budget in PEBA's budget submission to Treasury Board.

10. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies, boards and commissions related to the Fund by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan collectively referred to as "related parties". These transactions are recorded at agreed upon exchange amounts.

Due to the nature of the Fund, substantially all premiums are received from related parties.

At year-end, the following amounts were due to/from related parties as a result of the transactions referred to above:

	2001	2000
Accounts receivable	$401,095	$471,398
Accounts payable	$ 43,312	$179,526

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and notes thereto.

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Public Employees Group Life Insurance Fund as at December 31, 2001 and the statements of operations and net assets, and cash flows for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred Wendel, CMA, CA
Acting Provincial Auditor

Regina, Saskatchewan
February 21, 2002

PUBLIC EMPLOYEES GROUP LIFE INSURANCE FUND STATEMENT OF FINANCIAL POSITION

STATEMENT 1

AS AT DECEMBER 31

	2001	2000
ASSETS		
Current Assets:		
Cash	$ 92,836	$ 81,202
Accounts receivable (Note 8)	590,281	533,369
Receivable from Co-operators Life Insurance Company (Note 8)	1,018,449	208,584
	1,701,566	823,155
Due from Co-operators Life Insurance Company	47,401,690	44,885,257
Total assets	$49,103,256	$45,708,412
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable (Note 8)	$ 239,667	$ 159,883
Claims payable (Note 8)	1,660,316	793,399
	1,899,983	953,282
Payable to SaskPower (Note 4)	309,012	299,857
Provision for life insurance benefits (Note 3)	26,222,300	23,623,800
Total Liabilities	28,431,295	24,876,939
NET ASSETS (Statement 2)	20,671,961	20,831,473
TOTAL LIABILITIES AND NET ASSETS	$49,103,256	$45,708,412

(See accompanying notes to the financial statements)

PUBLIC EMPLOYEES GROUP LIFE INSURANCE FUND STATEMENT OF OPERATIONS AND NET ASSETS

STATEMENT 2

YEAR ENDED DECEMBER 31

	2001		2000
	Budget (Note 9)	Actual	Actual
REVENUE			
Premiums	$ 9,470,000	$ 9,653,153	$ 9,272,369
Investment income	5,000,000	2,073,321	4,944,876
	14,470,000	11,726,474	14,217,245
EXPENSE			
Claims	8,290,000	8,534,452	7,678,092
Change in provision for life insurance benefits	-	2,598,500	1,738,900
Administration (Note 5)	209,648	144,439	140,839
Premium taxes	280,000	286,044	206,106
Adjudication fees	204,000	203,084	176, 511
Management fees (Note 6)	120,000	119,467	97,649
	9,103,648	11,885,986	10,038,097
(Deficit) Surplus for the year	5,366,352	(159,512)	4,179,148
NET ASSETS, BEGINNING OF YEAR	20,831,473	20,831,473	16,652,325
NET ASSETS, END OF YEAR - Statement 1	$26,197,825	$20,671,961	$20,831,473

(See accompanying notes to the financial statements)

PUBLIC EMPLOYEES GROUP LIFE INSURANCE FUND STATEMENT OF CASH FLOWS

STATEMENT 3

YEAR ENDED DECEMBER 31

	2001	2000
Cash flows from operating activities:		
Premiums received	$ 8,857,547	$ 9,864,330
Claims paid	(7,667,535)	(7,576,798)
Administration expenses paid	(140,216)	(137,757)
Premium taxes paid	(274,910)	(205,383)
Adjudication fees paid	(200,673)	(176,323)
Management fees paid	(119,467)	(97,650)
	454,746	1,670,419
Cash flows from investing activities:		
Proceeds from sale of investments	2,073,321	4,944,876
Purchase of investments	(2,516,433)	(6,614,889)
	(443,112)	(1,670,013)
Net increase in cash	11,634	406
CASH, BEGINNING OF YEAR	81,202	80,796
CASH, END OF YEAR	$ 92,836	$ 81,202

(See accompanying notes to the financial statements)

PUBLIC EMPLOYEES GROUP LIFE INSURANCE FUND
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2001

1. Description of Fund

The Public Employees Group Life Insurance Fund (PEGIF) is a special purpose fund used to account for the premiums, claims, investment and certain administrative transactions of the Group Life Insurance Plan (Plan). The Plan continues under subsection 64(2) of *The Financial Administration Act, 1993*.

This Plan is managed by the Public Employees Benefits Agency (PEBA) and provides comprehensive life insurance coverage to certain members of the public service of the Province of Saskatchewan and other Saskatchewan Crown agencies, whose participation in the Plan has been approved by the Lieutenant Governor in Council. The Plan provides life insurance coverage for a specific period without a medical examination. The coverage is renewed automatically every year to a maximum age of sixty-five. At retirement, retirement death benefit certificates having values up to $10,000 are given to employees. The cost of providing these certificates to retiring employees is included in the provision for life insurance benefits. An election can be made by the member to continue insurance coverage from sixty-five to seventy-five years old at a higher premium rate. The Plan insurance coverage does not include accumulation of cash values. The Plan is administered under the terms of an agreement with The Co-operators Life Insurance Company.

Claims are adjudicated and processed for payment by the Co-operators Life Insurance Company.

Employees and employers pay premiums monthly. Premiums are paid by the employers on the first $20,000 to $25,000 of coverage. Employees pay for the remainder of their coverage at a rate of $0.25 to $0.27 per month per $1,000 coverage.

Premiums for life insurance are waived for employees who become disabled. The cost of providing life insurance coverage (benefit) due to waiver of premiums is included in the provision for life insurance benefits.

2. Significant Accounting Policies

The financial statements are prepared in accordance with Canadian generally accepted accounting principles. The following accounting policies are considered significant.

a) Premium revenue

Premiums are recognized when due.

b) Due from Co-operators Life Insurance Company (Co-operators)

According to the agreement between PEBA and Co-operators, Co-operators has established a segregated fund for the investment of PEGIF's monies. The PEGIF's units in the fund represents a debt due by Co-operators. This debt is represented by the segregated fund.

The segregated fund is valued at market and any increase/decrease in the value of the segregated fund is accounted for in the statement of operations and net assets as investment income.

Fair value of the segregated fund approximates its market value.

c) Provision for Life Insurance Benefits

Group Life policies are considered yearly termed life policies that are automatically renewed every year. Under such life policies, claims are recorded in the year of the claim. The provision for life insurance benefits represents the present value of future payments arising from benefits for disabled employees whose premiums have been waived and includes an estimated amount for claims incurred but not yet reported. The provision also includes the present value of the retirement death benefit certificates for those employees who retired prior to year end. The provision for life insurance benefits is determined pursuant to an actuarial valuation. Any resulting change in the liability pursuant to the valuation is recognized as a revenue or expense item in that year's operations.

d) Claims Expense

Claims expense includes future payments arising from life claims received during the year and life claims received after the year for fatalities that occurred during the year.

e) Cash

Cash consists of balances with the bank.

3. Provision for life insurance benefits

An actuarial valuation was performed by Aon Consulting Inc. as at December 31, 2001 and as at December 31, 2000 to value the liability of making future payments to disabled employees whose premiums have been waived (waived premiums) prior to year end and the retirement death benefit certificates (retirement certificates) for those employees who retired prior to year end.

The actuarial valuation of future benefits as at December 31 and the principal components of the change in actuarial valuation during the year, were as follows:

	2001		2000	
	Waived Premiums	**Retirement Certificates**	**Waived Premiums**	**Retirement Certificates**
Actuarial valuation, beginning of year	$16,308,500	$7,315,300	$15,433,800	$6,451,100
Interest accrued on benefits	1,019,300	434,300	964,600	385,100
Experience (gain) loss	(3,046,700)	8,100	(2,796,100)	32,000
New claims	6,292,300	553,500	4,922,200	704,000
Expected benefit payments	(2,364,000)	(298,300)	(2,216,000)	(256,900)
Actuarial valuation, end of year	$18,209,400	$8,012,900	$16,308,500	$7,315,300

The liability as at December 31, 2001 is $26,222,300 (2000 - $23,623,800). The liability includes $8,012,900 (2000 - $7,315,300) for retirement death benefit certificates and $18,209,400 (2000 - $16,308,500) for life coverage for those disabled employees whose premiums have been waived.

The valuation is based on the following assumptions: 1) the life waiver valuation is based on the 1970 Group Life Waiver Valuation Table for recovery and 150% of the 1993 Canada Pension

Disabled Life Mortality Experience Table for death rates; 2) the interest rate assumed is 6.25%; 3) the mortality rates of existing retirees are based on the Canadian Life 1990-92 tables; 4) a maximum 3% consumer price indexing of future benefit payments to disabled members whose life insurance premiums have been waived; 5) the inflation rate assumed is 3.00% for all future years (2000 – 3.25% for all future years).

If the valuation assumed no cost of living allowance indexing of disability benefits each year, the liability at December 31, 2001 would be $23,267,800 (2000 - $20,943,600).

The liability for future payments to disabled employees whose premiums have been waived prior to year end and the retirement death benefit certificates for those employees who retired prior to year end are based on a number of assumptions about future events including: recovery and mortality rates and interest rates. The actual experience may vary significantly from the assumptions used.

The following illustrates the effect of changes in the interest rate and mortality on the retirement death benefit certificate liability:

- a 1% change in the interest rate equals a 14.1% change in the liability including the cost of living adjustment
- a 10% change of the Group Life Insurance mortality equals a 3.9% change in the liability

The following illustrates the effect of changes in the interest rate, cost of living adjustment and mortality on group life waivers:

- a 1% change in the interest rate equals a 6.2% change in the liability including the cost of living adjustment
- a change in the cost of living adjustment of 1% equals a 5.8% change in the liability
- a change of waiver mortality by 10% equals a 6.6% change in the liability

The provision for life insurance benefits is long term in nature. Management has no intention of settling its obligation in the near term. Therefore it is not practical to determine the fair value of the provision for life insurance benefits.

4. Payable to SaskPower

Effective January 1, 1991, PEGIF began issuing a $3,000 paid up life insurance policy (Retirement Death Benefit Certificate) to retired employees of this plan. The value was increased to $5,000 effective April 1, 1993 for those individuals retiring on or after this date.

SaskPower, SaskEnergy, SGI, Sask Property Management Corp. and the public service in conjunction with CUPE 600 provide a $10,000 paid up life insurance policy to their employees. Additional premiums are submitted for this enhanced benefit.

The paid up certificate remains in force and has no cash value until the employee's death, at which time the face value is payable to the designated beneficiary.

The liability for the paid up policies is included in the provision for life insurance benefits liability shown in the statement of financial position, with the exception of the enhanced portion of the paid up policy of SaskPower. PEGIF has an agreement with SaskPower transferring the liability to the corporation effective 1998. PEGIF continues to collect premiums and pay claims on the corporation's behalf. Accordingly, a payable to SaskPower exists as the current activity to date has premiums exceeding claims.

5. Administration Expenses

The Public Employees Benefits Agency Revolving Fund administers the Public Employees Group Life Insurance Fund for a mutually agreed upon fee. Public Employees Group Life Insurance Fund pays the annual administration expenses to the Public Employees Benefits Agency Revolving Fund on agreed upon dates.

6. Management Fees

The Minister of Finance is authorized to invest money of the Public Employees Group Life Insurance Fund in any securities authorized for investment under the "Investment Policy Guidelines".

The Co-operators Investment Counselling Limited invests the monies of the Fund under a contract to provide services. The Fund pays management fees to the Co-operators Investment Counselling Limited.

7. Investment Performance

The Fund's investments are represented by the amounts due from Co-operators Life Insurance Company (see note 2).

The following is a summary of the Fund's investment performance:

	2001	Four year annualized return
Fund (a)	4.6%	7.0%
Benchmark (b)	0.7%	6.3%

(a) The annual returns are before deducting investment expenses.

(b) The benchmark return is the Fund's target rate of return for its segregated fund. The benchmark return is calculated using actual returns and the Fund's planned investment portfolio for its segregated fund.

8. Fair Value of Financial Assets and Financial Liabilities

The following methods and assumptions were used to estimate the fair value of each class of financial assets and financial liabilities.

For the financial instruments including:

(a) receivables
(b) accounts payable, and
(c) claims payable

the carrying value approximates the fair value due to their immediate or short-term maturity. The Fund is exposed to minimal credit risk from the potential non-payment of accounts receivable as these receivables are from government agencies and were collected shortly after year end.

9. Budget

PEBA prepares and approves the Public Employees Group Life Insurance Fund's budget. PEBA included the Public Employees Group Life Insurance Fund's budget in PEBA's budget submission to Treasury Board.

10. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies, boards and commissions related to the Fund by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan collectively referred to as "related parties". These transactions are recorded at agreed upon exchange amounts.

Due to the nature of the Fund, all premiums have been received from related parties.

At year end, the accounts receivable and accounts payable are due to/from related parties.

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and notes thereto.

AUDITORS' REPORT

To the Members of the Legislative Assembly of Saskatchewan

We have audited the statement of net assets available for benefits of the Public Employees Pension Plan as at March 31, 2002 and the statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the net assets available for benefits of the Public Employees Pension Plan as at March 31, 2002 and the changes in its net assets available for benefits for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Regina, Canada
May 10, 2002

PUBLIC EMPLOYEES PENSION PLAN
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

STATEMENT 1

AS AT MARCH 31

(in thousands of dollars)

	2002			2001
	Balanced Fund	**Short-Term Bond Fund**	**Total**	**Total**
ASSETS				
Investments (Note 3)				
Short-term	$ 69,175	$ 546	$ 69,721	$ 52,658
Bonds	272,226	29,803	302,029	262,855
Equities	551,582	-	551,582	537,665
Pooled Funds	1,628,261	-	1,628,261	1,549,574
Mortgages	3,311	-	3,311	3,546
Real Estate	91,360	-	91,360	70,432
	2,615,915	30,349	2,646,264	2,476,730
Receivables				
Contributions receivable	3,927	-	3,927	2,100
Accrued investment income	4,812	563	5,375	5,160
Due from Balanced Fund	-	84	84	2
	8,739	647	9,386	7,262
Cash	23	1	24	114
Due from General Revenue Fund (Note 6)	5,299	530	5,829	4,496
Total Assets	2,629,976	31,527	2,661,503	2,488,602
LIABILITIES				
Administrative expenses payable (Note 7)	765	11	776	2,084
Refunds, transfers and other payables	1,527	-	1,527	56
Due to Short-Term Bond Fund	84	-	84	2
Total Liabilities	2,376	11	2,387	2,142
NET ASSETS AVAILABLE FOR BENEFITS	$2,627,600	$31,516	$2,659,116	$2,486,460

(See accompanying notes to the financial statements)

PUBLIC EMPLOYEES PENSION PLAN

STATEMENT 2

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

FOR THE YEAR ENDED MARCH 31

(in thousands of dollars)

	2002			2001
	Balanced Fund	Short-Term Bond Fund	Total	Total
INCREASE IN ASSETS				
Investment income				
Interest	$ 18,340	$ 1,345	$ 19,685	$ 26,780
Dividends	64,338	-	64,338	97,108
Mortgages	258	-	258	260
Real Estate	6,677	-	6,677	3,526
Other	354	-	354	271
	89,967	1,345	91,312	127,945
Current period change in market value of investments	56,415	(544)	55,871	(129,142)
Contributions				
Employees	52,556	325	52,881	48,766
Employers	56,613	325	56,938	51,673
Interfund transfers	5,389	27,084	32,473	4,792
Reciprocal transfers in	1,897	-	1,897	7,837
	116,455	27,734	144,189	113,068
Total Increase in Assets	262,837	28,535	291,372	111,871
DECREASE IN ASSETS				
Administrative expenses (Note 7)	5,830	44	5,874	5,562
Transfers, refunds and benefit payments (Note 5)	87,593	8,133	95,726	88,071
Transfer to Annuity Fund				
Contributions	16,502	474	16,976	17,250
Interest	139	1	140	81
Total Decrease in Assets	110,064	8,652	118,716	110,964
Increase in Net Assets	152,773	19,883	172,656	907
NET ASSETS AVAILABLE FOR BENEFITS, BEGINNING OF YEAR	2,474,827	11,633	2,486,460	2,485,553
NET ASSETS AVAILABLE FOR BENEFITS, END OF YEAR	$2,627,600	$31,516	$2,659,116	$2,486,460

(See accompanying notes to the financial statements)

PUBLIC EMPLOYEES PENSION PLAN
NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2002

1. Description of Plan

The following description of the Public Employees Pension Plan is a summary only. For more complete information, reference should be made to the Plan text.

a) General

The *Public Employees Pension Plan Act* (the Act) is the legislative authority for the Public Employees Pension Plan (the Plan), which is a defined contribution plan that covers the employees of a number of government entities.

The Act established the Public Employees Pension Plan to accumulate all contributions and earnings for plan members. The Public Employees Pension Plan consists of two funds: the Balanced Fund and the Short-Term Bond Fund. The Short-Term Bond Fund began operations July 1, 1998 as the Pre-Retirement Fund. The fund's name was changed to Short-Term Bond Fund effective April 1, 2001.

The Balanced Fund receives and holds, in trust for members, contributions received from the members and employers (participants) and investment income derived from the fund's investments.

The Balanced Fund holds bonds, equities, real estate, mortgages, pooled funds and short-term investments. The Balanced Fund's mandate is to provide long-term capital appreciation for members. Allocation of income is based on the market value of the fund. The total available to a member upon termination or retirement is equal to the particular member's account at that date, subject to certain vesting and other specific rules governing the Plan.

The Short-Term Bond Fund receives and holds, in trust for members, contributions received from the member and their employer as well as investment income derived from the fund's investments.

The Short-Term Bond Fund is available to all members and holds low risk mid-term income investments and is intended for those members who wish to protect themselves from the volatility of the investment markets. Participation in the Short-Term Bond Fund is at the discretion of the member. Allocation of income is based on the market value of the fund. The total available to a member upon termination or retirement is equal to the balance in the particular member's account at that date, subject to certain vesting and other specific rules governing the Plan.

b) Administration

The Public Employees Pension Board (Pension Board) is established by Section 3 of the Act. The Pension Board is comprised of seven members that administer the Plan. The Public Employees Benefits Agency provides day-to-day administration.

c) Retirement

Members may retire as early as age 50, or after 35 years of service regardless of age.

Upon retirement an employee may purchase an annuity from the Pension Board pursuant to Section 20 of the Act, or from a private company that issues annuities.

Alternatively, the funds may be left in the Plan to continue to accumulate earnings to provide retirement income beginning no later than the end of the calendar year in which the member reaches age 69, be transferred to a Locked-in Retirement Account or, after age 50, to a Locked-in Retirement Income Fund, Life Income Fund or a Life Annuity from the Plan, or be transferred to another pension plan which has a reciprocal agreement with the Plan.

Members who purchase their annuities from the Pension Board have their accumulated balance in the Plan at the date of retirement transferred to the Saskatchewan Pension Annuity Fund.

d) Completeness of Contributions

Participants are responsible for the accuracy and completeness of member contributions remitted to the Plan and for the employee payroll information on which benefit payments are determined. Accordingly, these financial statements presume the accuracy and completeness of the participants' contributions and payroll information received from participants.

2. Significant Accounting Policies

These financial statements are prepared in accordance with Canadian generally accepted accounting principles. The following accounting policies are considered significant:

Investments

Investments in bonds and equities are recorded at market values which are determined by reference to closing year end sale prices from recognized security dealers or, in the absence of recorded sales, by reference to closing year end bid and ask prices. Transactions in bonds and equities are recorded as of the trade date.

Short-term investments are valued at cost which approximates market value.

Real estate is valued at market value as estimated by independent appraisals.

Mortgages are valued by discounting the present value of all income streams accruing to the mortgage. The discount rate applied to these income streams reflects the current market rate for comparable mortgages of a comparable term.

Pooled funds are valued based on the quoted market price of the underlying investments normally the current bid price.

The change in market value of investments during the year is reflected on the financial statements as a current period change in the market value of investments.

Fair value approximates market value of investments.

Foreign Currency Translation

Monetary items denominated in foreign currency are translated at the exchange rate in effect at year end. Investments, revenue and expense items are translated at the exchange rate in effect at the transaction date. Gains and losses arising on translation are included in the current period change in market value of the investments.

3. Investments

The Plan is a defined contribution plan whereby members bear the investment risk and reap the rewards of superior investment performance as there is no guarantee of pension benefits. The Plan is comprised of two funds: the Balanced Fund and the Short-Term Bond Fund. The Balanced Fund is designed for members whose primary objective is capital growth. The Short-Term Bond Fund is designed for members who wish to reduce their equity exposure as retirement approaches in order to preserve capital. These members have a low risk tolerance. As the primary objective of the Short-Term Bond Fund is capital preservation, its orientation is towards fixed income investments with a term to maturity of five years or less.

The strategy employed to achieve these objectives is to invest cash flows from contributions, maturing debentures and investment returns into assets such as Canadian equities, pooled funds, money market securities, and bonds.

a) Interest Rate Risk

Interest rate risk refers to the adverse consequences of interest rate changes on the Plan's net assets and interest income. This risk arises from differences in the time and amount of cash flows related to the Plan's assets and liabilities.

The value of the Plan's assets is affected by short-term changes in nominal interest rates and equity markets.

b) Credit Risk

Credit risk arises from the potential for issuers of securities to default on their contractual obligations to the Plan. The Plan limits the credit risk by dealing with issuers that are considered to be high quality. The credit ratings used to describe the securities below are based on the Dominion Bond Rating Service and/or the Standard & Poors Bond Rating Service and/or Moody's Bond Rating Service.

Short-term Investments

Short-term investments are comprised of treasury bills, notes and commercial paper with effective rates of 2.3% to 3.6% in the Balanced Fund (2001 - 4.6% to 6.1%), and 2.3% to 2.6% in the Short-Term Bond Fund (2001 - 5.4% to 5.4%) and an average remaining term to maturity of 65 days in the Balanced Fund (2001 - 65 days) and 42 days in the Short-Term Bond Fund (2001 - 12 days).

The Plan's investment policy states that investments must meet a minimum investment standard of "R1" or equivalent rating by a recognized credit rating service.

Other than the Government of Canada, no single issue represents more than 11.3% (2001 - 7.0%) of the market value of the short-term investment portfolio.

Bonds and Debentures

The Plan's investment policy states that bonds must meet a minimum quality standard of BBB as rated by a recognized credit rating service. No more than 15% of the market value of the total portfolio may be invested in BBB rated bonds. At March 31, 2002 the Balanced Fund held 0.4% (2001 - 0.4%) of its portfolio in BBB bonds.

BALANCED FUND

Years to Maturity	2002 (000's) Federal	Provincial	Corporate	Total Market Value	Yield to Maturity at Market	Coupon Rate	2001 (000's) Total Market Value	Yield to Maturity at Market	Coupon Rate
Under 5	$ 39,847	$16,194	$18,841	$ 74,882	5.67	2.64-8.75	$112,004	5.74	0.00-8.75
5 – 10	35,128	21,802	21,172	78,102	5.49	4.50-9.00	64,040	6.35	5.45-10.75
Over 10	79,569	18,566	21,107	119,242	5.95	5.25-9.00	77,127	6.44	5.50-11.25
Market Value	$154,544	$56,562	$61,120	$272,226			$253,171		

SHORT-TERM BOND FUND

Years to Maturity	2002 (000's) Federal	Provincial	Total Market Value	Yield to Maturity at Market	Coupon Rate	2001 (000's) Total Market Value	Yield to Maturity at Market	Coupon Rate
Under 5	$15,868	$13,935	$29,803	6.81	5.00-9.00	$9,684	6.75	0.00-9.00

Actual maturity may differ from contractual maturity because certain borrowers have the right to call or prepay certain obligations with or without call or prepayment penalties.

Equities

The Plan's investment policy allows no one holding to represent more than 10% of the market value of the related portfolio and no one holding to represent more than 10% of the common stock in any corporation. Foreign equities represent 25.8% (2001 - 25.2%) of the market value of the equity portfolio. All foreign equities are denominated in Canadian dollars. Dividends are generally declared on an annual basis. The Plan's equities include common shares that have no fixed maturity date and are generally not exposed to interest rate risk. The average dividend rate is 1.5% (2001 - 1.6%).

Pooled Funds

The Plan limits its investments in individual pooled equity funds to not more than 10% of the market value of the individual pooled equity fund. Foreign equities including foreign pooled funds, but excluding synthetic pooled funds, are limited to 30% of the cost of the investment portfolio and are denominated in Canadian dollars. The Plan limits its investments in synthetic pooled funds to 10% of the market value of its investment portfolio for the U.S. Equity Index fund and 7% of the market value of its investment portfolio for the U.S. Equity Mid Cap Index fund. The Plan's units in pooled funds have no fixed interest rate and the returns are based on the success of the fund manager.

The Plan's pooled funds are comprised of:

	Market Value (in thousands of dollars) 2002	2001
Canadian Equity		
Emerald Cdn Equity TSE 300	$ 106,463	$ 96,052
Newcastle Derivative Enhanced Mid Cap Fund	134,961	113,866
Global Equity		
Greystone Emerging Market Fund	14,956	11,323
Greystone Non-North American Fund	85,367	90,083
Templeton Specialty Non-North American Fund	367,785	355,027
Fixed Income Funds		
Emerald Bond Fund	705,643	671,978
Other Canadian		
Emerald Synthetic US Equity Fund	213,085	211,245
	$1,628,260	$1,549,574

Newcastle Derivative Enhanced Mid Cap Fund combines U.S. S&P 400 stock index futures with Canadian money market instruments to create a synthetic U.S. equity investment, hedged into Canadian dollars. The Emerald Synthetic U.S. Equity Fund also uses U.S. stock index futures combined with Canadian money market instruments to create a synthetic U.S. equity investment.

Mortgages

All mortgages are secured by Canadian commercial properties and have effective and stated interest rates of 6.8% to 10.0% (2001 - 7.7% to 10.8%) with an average remaining term of 7.0 years (2001 - 5.0 years). Principal and interest are receivable on a monthly basis.

Real Estate

Investments in real estate consist of Canadian commercial property.

Included in real estate are investments of $3,900,299 (2001 - $4,210,414) in SaskPen Properties Ltd. SaskPen Properties Ltd. is a real estate corporation beneficially owned by Crown managed pension plans in the Province of Saskatchewan.

4. Earnings Allocation to Members

Investment income plus the current year's allocation of the change in the market values of investments less administrative expenses is allocated annually to the individual member's account balances in accordance with the provisions of the governing legislation. In 2002, an interest rate of 5.74% for the Balanced Fund (2001 - –0.42%), and 2.46% for the Short-Term Bond Fund (2001 - 8.00%) was approved by the Pension Board for the Plan.

5. Transfers, Refunds and Benefit Payments

	(in thousands of dollars) 2002	2001
Termination refunds	$ 714	$ 623
Death and lump sum benefits	4,770	3,706
Marital transfers	1,585	2,682
Transfers to registered retirement savings plans and to private companies providing annuities	54,591	78,133
Reciprocal Transfers out	34,066	2,927
	$95,726	$88,071

6. Due from General Revenue Fund

The Plan's bank accounts are included in the Consolidation Offset Bank Concentration (COBC) arrangement for the Government of Saskatchewan.

The Plan's earned interest is calculated and paid by the General Revenue Fund on a quarterly basis to the Plan's bank accounts using the Government's thirty day borrowing rate and the Plan's bank account balance. The Government's average 30 day borrowing rate in 2002 was 3.41% (2001 - 5.59%).

7. Administration Expenses

The annual operating expenditures associated with the Plan's administration are paid to the Public Employees Benefits Agency Revolving Fund except for custodial fees and investment management fees which are paid directly.

(in thousands of dollars)

	2002		2001	
	Budget	Actual	Budget	Actual
Administration costs	$2,208	$1,757	$2,048	$1,561
Custodial fees	412	422	400	417
Investment management fees	3,708	3,695	3,600	3,584
	$6,328	$5,874	$6,048	$5,562

8. Related Party Transactions

All Government of Saskatchewan agencies such as departments, corporations, boards and commissions are related since all are controlled by the Government. Also, the plan is related to non-crown enterprises that the Government jointly owns or significantly influences. Costs charged by the Public Employees Benefits Agency Revolving Fund in administering the Plan are reflected in these financial statements.

The Plan holds $7,875,191 (2001 - $4,712,039) Province of Saskatchewan Bonds and Debentures with a yield of 5.8% (2001 - 5.9%). Investment income of $409,884 (2001 - $321,527) was recorded from the Province of Saskatchewan Bonds, Debentures and Discount Notes.

Other related party transactions are disclosed separately in these financial statements.

Account balances resulting from the above transactions are included in the statement of net assets available for benefits and are settled on normal trade terms.

9. Investment Performance

The investment manager makes day-to-day decisions on whether to buy or sell investments in order to achieve the long-term performance objectives set by the Pension Board. The Pension Board reviews the investment performance of the plan in terms of the performance of the benchmark portfolio over four year rolling periods. The primary long-term investment performance objective for the entire portfolio is to outperform a benchmark portfolio.

The following is a summary of the Plan's investment performance:

	Rolling Four Year Average Annual Return Balanced Fund	
	2002	2001
Plan's actual rate of return (a)	6.3%	11.1%
Target rate of return (b)	5.0%	9.7%

(a) The annual returns are before deducting investment expenses.

(b) The Plan's target rate of return for its investment portfolio (return on the benchmark portfolio) has been determined using the actual returns of the market indexes such as the Toronto Stock Exchange 300 Index, Nesbitt Burns Small Capitalization Canadian Stock Index, Standard & Poor's 500 US Stock Index, Standard and Poor's 400 Mid Capitalization U.S. Stock Index, Morgan Stanley, Europe, Australia and Far East Index, Russell Canadian Property Index, Scotia Capital Markets Universe Bond Index, and 91 Day Canadian Treasury Bill.

The Short-Term Bond Fund was first funded on July 7, 1998. The actual annualized rate of return for the Fund since inception to March 31, 2002 was 5.8%. The target rate of return over the same period was 5.8%. The target rate of return is based on the "All Governments" portion of the Scotia Capital Markets Short-term Bond Index.

10. Fair Value

For the following financial instruments:

a) contributions receivable
b) accrued investment income
c) cash
d) due from General Revenue Fund
e) due to Short-Term Bond Fund
f) administrative expenses payable
g) refunds, transfers and other payables, and
h) due from Balanced Fund

the carrying amount approximates fair value due to their immediate or short-term maturity.

The fair value of all other investments is considered to be market value, the determination of which is disclosed in note 2.

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of net assets available for benefits, accrued pension benefits and unfunded liability of the Public Service Superannuation Plan as at March 31, 2002 and the statements of changes in net assets available for benefits, and changes in accrued pension benefits for the year then ended. The Plan's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the net assets available for benefits, accrued pension benefits and unfunded liability of the Plan as at March 31, 2002 and the changes in the net assets available for benefits and accrued pension benefits for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred Wendel, CMA, CA
Provincial Auditor

Regina, Saskatchewan
May 21, 2002

PUBLIC SERVICE SUPERANNUATION PLAN STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS, ACCRUED PENSION BENEFITS AND UNFUNDED LIABILITY

STATEMENT 1

AS AT MARCH 31

	Anti-Tuberculosis League Employees Superannuation Fund		Sask Transportation Company Employees Superannuation Fund		Public Service Superannuation Fund		Total	
	(000's)		(000's)		(000's)		(000's)	
	2002	2001	2002	2001	2002	2001	2002	2001
ASSETS								
Investments (Note 3):								
Cash and short-term investments	$ -	$ -	$ -	$ 1,084	$ -	$ -	$ -	$ 1,084
Bonds and debentures	-	-	-	12,004	-	-	-	12,004
Equities	-	-	-	5,553	-	-	-	5,553
Pooled funds	-	-	19,702	1,811	-	-	19,702	1,811
Mortgages	-	-	-	65	-	-	-	65
Receivables:								
Deficiency contribution from GRF (Note 6)	-	-	-	-	-	586	-	586
Due from General Revenue Fund (Note 5)	22	25	12	10	-	-	34	35
Employees' contributions (Note 6)	-	-	3	4	213	411	216	415
Employers' contributions (Note 6)	-	-	3	4	70	40	73	44
Accrued investment income	-	-	-	182	-	-	-	182
Other receivables	1	2	1	1	5	-	7	3
Total Assets	$ 23	$ 27	$19,721	$20,718	$ 288	$ 1,037	$ 20,032	$ 21,782
LIABILITIES								
Deficiency contribution payable to GRF (note 6)	$ -	$ -	$ -	$ -	$ 288	$ -	$ 288	$ -
Administrative expense payable	5	-	5	12	-	-	10	12
Other payables	3	-	-	133	-	1,037	3	1,170
Total Liabilities	8	-	5	145	288	1,037	301	1,182
NET ASSETS AVAILABLE FOR BENEFITS	$ 15	$ 27	$19,716	$20,573	$ -	$ -	$ 19,731	$ 20,600
Accrued pension benefits (Statement 3)	5,579	5,999	28,479	28,606	1,524,536	1,526,619	1,558,594	1,561,224
Unfunded liability	$5,564	$5,972	$ 8,763	$ 8,033	$1,524,536	$1,526,619	$1,538,863	$1,540,624

(See accompanying notes to the financial statements)

PUBLIC SERVICE SUPERANNUATION PLAN STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

STATEMENT 2

YEAR ENDED MARCH 31

	Anti-Tuberculosis League Employees Superannuation Fund (000's)		Sask Transportation Company Employees Superannuation Fund (000's)		Public Service Superannuation Fund (000's)		Total (000's)	
	2002	2001	2002	2001	2002	2001	2002	2001
INCREASE IN ASSETS:								
Investment income								
Interest	$ -	$ -	$ 175	$ 823	$ -	$ -	$ 175	$ 823
Dividends-Equities	-	-	12	78	-	-	12	78
Dividends-Pooled Funds	-	-	853	123	-	-	853	123
Real Estate	-	-	3	2	-	-	1	2
Mortgages	-	-	1	6	-	-	3	6
Other	1	2	1	2	-	-	2	4
	1	2	1,045	1,034	-	-	1,046	1,036
Market value adjustment	-	-	(184)	213	-	-	(184)	213
Contributions (Note 6)								
Employees'	4	3	93	102	5,819	5,786	5,916	5,891
Employers'	3	4	93	102	763	459	859	565
	7	7	186	204	6,582	6,245	6,775	6,456
Deficiency contribution from General Revenue Fund (Note 6)	699	707	-	-	86,004	85,732	86,703	86,439
Total increase in assets	707	716	1,047	1,451	92,586	91,977	94,340	94,144
DECREASE IN ASSETS:								
Administration expense (Note 7)	17	12	65	77	-	-	82	89
Superannuation allowances	702	707	1,839	1,796	91,692	90,167	94,233	92,670
Refunds and transfers								
Contributions	-	-	-	33	301	543	301	576
Interest	-	-	-	34	457	868	457	902
Equity on death	-	-	-	-	140	79	140	79
Marital breakdown	-	-	-	-	109	106	109	106
Employer matching on reciprocal transfer	-	-	-	67	(113)	214	(113)	281
Total decrease in assets	719	719	1,904	2,007	92,586	91,977	95,209	94,703
Net (decrease) in assets	(12)	(3)	(857)	(556)	-	-	(869)	(559)
NET ASSETS AVAILABLE FOR BENEFITS, BEGINNING OF YEAR	27	30	20,573	21,129	-	-	20,600	21,159
NET ASSETS AVAILABLE FOR BENEFITS, END OF YEAR	$ 15	$ 27	$19,716	$20,573	$ -	$ -	$19,731	$20,600

(See accompanying notes to the financial statements)

PUBLIC SERVICE SUPERANNUATION PLAN
STATEMENT OF CHANGES IN ACCRUED PENSION BENEFITS

STATEMENT 3

YEAR ENDED MARCH 31

	Anti-Tuberculosis League Employees Superannuation Fund (000's)		Sask Transportation Company Employees Superannuation Fund (000's)		Public Service Superannuation Fund (000's)		Total (000's)	
	2002	2001	2002	2001	2002	2001	2002 (Note 4)	2001
ACCRUED PENSION BENEFITS, beginning of year	$5,999	$6,324	$28,606	$28,501	$1,526,619	$1,507,742	$1,561,224	$1,542,567
INCREASE IN ACCRUED PENSION BENEFITS								
Interest on accrued pension benefits	354	373	1,741	1,731	93,182	91,950	95,277	94,504
Benefits accrued	10	9	323	304	20,086	18,904	20,419	19,217
	364	382	2,064	2,035	113,268	110,854	115,696	113,271
DECREASE IN ACCRUED PENSION BENEFITS								
Benefits paid	702	707	1,839	1,930	92,586	91,977	95,127	94,614
Change in actuarial assumptions	82	-	352	-	22,765	-	23,199	-
	784	707	2,191	1,930	115,351	91,977	118,326	94,614
ACCRUED PENSION BENEFITS, end of year – to Statement 1	$5,579	$5,999	$28,479	$28,606	$1,524,536	$1,526,619	$1,558,594	$1,561,224

(See accompanying notes to the financial statements)

PUBLIC SERVICE SUPERANNUATION PLAN
NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2002

1. Description of the Plan

a) General

The Public Service Superannuation Board (Board) administers the funds that make up the Public Service Superannuation Plan. Day-to-day administration is provided by the Public Employees Benefits Agency.

The Public Service Superannuation Plan is a defined benefit final average pension plan. Plan details are contained in *The Public Service Superannuation Act* and *The Superannuation (Supplementary Provisions) Act*. The three main components of the Plan are described as follows:

i) Anti-Tuberculosis League Employees Superannuation Fund

The Anti-Tuberculosis League Employees Superannuation Fund (AntiTB Fund) was established under provisions of an amendment to *The Public Service Superannuation Act*, effective April 1, 1979. The AntiTB Fund was established to accumulate contributions paid by employees of the Saskatchewan Anti-Tuberculosis League and any investment income.

ii) Saskatchewan Transportation Company Employees Superannuation Fund

The Saskatchewan Transportation Company Employees Superannuation Fund (STC Fund) was established by an amendment to *The Public Service Superannuation Act*, effective April 1, 1981. The STC Fund was established to accumulate contributions paid by employees of the Saskatchewan Transportation Company as of March 31, 1981 and any investment income.

iii) Public Service Superannuation Fund

Members of the Public Service Superannuation Fund (PSSF) include those public service employees who were employed prior to October 1, 1977 and did not elect to transfer to the Public Employees Pension Plan prior to October 1, 1978.

b) Funding Policy

Members contribute at the rate of 7%, 8% or 9% of salary depending on their age at the date of commencement of employment. Contributions are reduced by an amount equal to deemed Canada Pension Plan contributions.

Certain employers are required to match employees' contributions in respect of current service.

c) Retirement

Normal retirement is at age 65. Members may retire earlier under certain conditions.

d) Pensions

Annual pensions are calculated as 2% of a member's average salary during the five years of highest salary, multiplied by the total number of years of service to a maximum of 35. At age 65, members' pensions are reduced due to integration with the Canada Pension Plan.

2. Significant Accounting Policies

The financial statements are prepared in accordance with Canadian generally accepted accounting principles. The following accounting policies are considered significant.

a) Investments

Investments in bonds and debentures and equities are recorded at market values which are determined by reference to closing year end sales prices from recognized security dealers or, in the absence of recorded sales, by reference to closing year end bid and ask prices.

Pooled funds are valued based on the net asset value per unit of the underlying assets on the last valuation date.

Short-term investments and cash are valued at cost which approximates market value.

The change in the market value of investments during the year is reflected on the financial statements as a market value adjustment.

b) Investment Transactions and Income

Investment transactions are recorded on the trade date. Transactions conducted in foreign currencies are translated into Canadian dollars using the exchange rate in effect at the transaction date. Dividend income is recognized on the record date.

3. Investments – STC Fund

The investment objectives of the Fund are to ensure the Fund has sufficient assets to meet future pension obligations and to generate sufficient cash flow to meet pension payments. Due to the long-term horizon of the Fund's liabilities, the Fund takes a long-term investment perspective. The strategy employed to achieve these objectives is to invest cash flows from contributions and investment returns into pooled funds.

a) Interest Rate Risk

Interest rate risk refers to the adverse consequences of interest rate changes on the Fund's cash flows, financial position and income. This risk arises from differences in the timing and amount of cash flows related to the Fund's assets and liabilities.

The value of the Fund's assets is affected by short-term changes in nominal interest rates and equity markets.

b) Credit Risk

Credit risk arises from the potential for an investee to fail or for an issuer to default on its contractual obligations to the Plan. The Plan limits the credit risk by dealing with issuers that are considered to be high quality. The credit ratings used to describe the securities below are based on a recognized credit rating service.

During the year the Board made the decision to convert all of its investments to pooled funds.

Pooled Funds

The Plan limits its investments in pooled equity funds to 10% of the market value of each fund. Foreign equities including foreign pooled funds are limited to 30% of the cost of the investment portfolio and are denominated in Canadian dollars. The Plan's units in pooled funds have no fixed interest rate and the returns are based on the success of the fund manager. The Plan's pooled funds are comprised of the following:

	Units Held		% of Total Units Outstanding		Market Value		Investment Income and Change in Market Value	
	2002	2001	2002	2001	2002	2001	2002	2001
	(000's)				(000's)		(000's)	
Greystone Fixed Income Fund	1,210	-	7.69	-	$11,830	$ -	$515	$ -
Greystone Canadian Equity Fund	163	-	1.23	-	3,048	-	209	-
Greystone Emerging Markets Fund	19	18	0.18	0.18	191	145	46	(54)
Greystone Non-North American Fund	154	62	0.19	0.09	1,452	667	(155)	(245)
Greystone US Equity Fund	184	76	3.70	2.19	2,364	999	(37)	(46)
Greystone Money Market Fund	82	-	3.62	-	817	-	30	-
					$19,702	$1,811	$608	$(345)

4. Obligations for Pension Benefits

The present value of accrued pension benefits was determined using the projected benefit method, prorated on services and the best estimate assumptions approved by the Public Employees Benefits Agency. An actuarial valuation was performed as at September 30, 1999 by Aon Consulting and an extrapolation was made to March 31, 2001 and March 31, 2002.

The pension liability is based on a number of assumptions about future events including: interest, rate of salary increase, mortality, retirement rates, termination rates and inflation. The actual rates may vary significantly from the long-term assumptions used.

The assumptions used in determining the actuarial value of accrued pension benefits are as follows:

- salary escalation rate is 2.00% increasing to 3.00%
- inflation rate is 2.00% increasing to 3.00%
- interest rate is 6.25%
- post retirement indexing 50% of inflation

During the year, management reviewed and changed the assumptions for the long-term inflation rate and long-term salary escalation rate from 3.25% to 3.00% in 2003 and thereafter.

The following illustrates the effect on the pension liability of changing certain assumptions from the estimated rates of inflation 3.00%, salary escalation 3.00%, interest rate 6.25% and post-retirement indexing 50% of inflation.

Long-term Assumptions

Effect on Liability Assumptions	Inflation*		Salary		Interest Rate		Post-retirement Indexing	
	4.00%	2.00%	4.00%	2.00%	7.25%	5.25%	2.00%	1.00%
AntiTB (decrease) increase	(4.4)%	4.7%	0.1%	(0.1)%	(6.4)%	7.3%	4.7%	(4.2)%
STC (decrease) increase	(5.9)%	6.1%	0.3%	(0.3)%	(9.2)%	10.9%	7.5%	(6.3)%
PSSF (decrease) increase	(6.5)%	7.4%	0.7%	(0.7)%	(10.4)%	12.6%	8.3%	(7.1)%

* A 1% change in the inflation rate has a corresponding change in the interest rate and salary rate of 1% and in the post-retirement indexing of 0.5%.

The actual present value of accrued pension benefits contains a provision for ad hoc increases which are subject to Lieutenant Governor in Council approval. The ad hoc assumption is 50% of CPI based on previous year's experience. The Lieutenant Governor in Council may provide for supplementary allowances to be paid to superannuates in any year, in any amount and subject to any terms and conditions that the Lieutenant Governor considers advisable.

The unfunded liability for AntiTB Fund and STC Fund are not payable immediately. The expected cash inflows from contributions and investment income and the expected cash outflows to pay the required pension obligation are calculated using the above assumptions. The expected net cash flows are not adjusted for inflation, they are based on actual dollar forecasts. The net cash outflows for the AntiTB Fund in the next 5 years would be $3.1 million, in the next 10 years $5.6 million and in the next 30 years $9.0 million. The net cash flows for the STC Fund in the next 5 years would be $10.9 million, in the next 10 years $22.7 million, and in the next 30 years $56.4 million. Note 10 shows the cash flow forecast for the Public Service Superannuation Fund.

Subsections 60.1(12) and 60.2(13) of *The Public Service Superannuation Act* indicate that if there are insufficient moneys in the Funds to pay allowances or other payments, the Minister of Finance is obligated to pay any such deficiency out of the General Revenue Fund.

5. Due from General Revenue Fund

The STC Fund and the AntiTB Fund bank accounts are included in the Consolidated Offset Bank Concentration (COBC) arrangement for the Government of Saskatchewan.

Each Fund's earned interest is calculated and paid by the General Revenue Fund on a quarterly basis into each Fund's bank account using the Government's thirty-day borrowing rate and the Fund's average daily bank account balance. The Government's average thirty day borrowing rate in 2002 was 3.41% (2001 – 5.59%).

6. Deficiency Contribution from the General Revenue Fund

Under Section 40 of *The Public Service Superannuation Act*, all funds received by the Board for the PSSF are recorded as revenue of the General Revenue Fund. No funds are set aside for the payment of future benefits. All allowances and other payments are made out of the General Revenue Fund. The transactions relating to employers' and employees' contributions and allowances and other payments are recorded in these financial statements for accountability purposes only.

Any excess or deficiency of allowances and other payments over employers' and employees' contributions are recorded in the financial statements as a Deficiency Contribution from the General Revenue Fund. The administration costs of the PSSF are borne by the General Revenue Fund (see note 7).

7. Related Party Transactions

a) Administration

i) The annual operating expenditures associated with the administration of the STC Fund and AntiTB Fund are paid to the Public Employees Benefits Agency Revolving Fund except for custodial fees and investment management fees which are paid directly to Royal Trust and Greystone Capital Management Inc., respectively.

	2002 (000's)						2001 (000's)		
	Anti-TB		STC		Total				
	Actual	Budget	Actual	Budget	Actual	Budget	AntiTB	STC	Total
Administration costs	$17	$19	$29	$40	$46	$59	$12	$26	$38
Custodial fees	-	-	8	-	8	-	-	23	23
Investment management fees	-	-	28	-	28	-	-	28	28
	$17	$19	$65	$40	$82	$59	$12	$77	$89

ii) Public Service Superannuation Fund (PSSF)

In accordance with subsection 3(3) of *The Public Service Superannuation Act*, all general administrative and employee costs required for the administration of the PSSF are paid out of the General Revenue Fund of the Province of Saskatchewan. Accordingly, no provision for these costs is included in these financial statements. Administration costs were $962,423 (2001 - $1,004,305).

b) Investment Holdings

Included in bonds and debentures of the STC Fund are Province of Saskatchewan holdings totaling $nil (2001 - $281,906).

Account balances resulting from the above transactions are included in the statements of net assets available for benefits and are settled on normal trade terms. Other transactions are disclosed separately in these financial statements.

8. Fair Value of Financial Assets and Financial Liabilities

The following method and assumptions were used to estimate the fair value of each class of financial assets and financial liabilities.

For the following financial instruments the carrying amounts approximate fair value due to the immediate or short-term nature of these financial assets and financial liabilities. These financial instruments are interest and non-interest bearing and are due or payable within the next year.

Due to this short-term maturity, the fair value of these financial instruments approximates their carrying value.

a) Due from General Revenue Fund
b) Cash
c) Employee contributions receivable, employer contributions receivable, accrued investment income, deficiency contribution from GRF and other receivables
d) Administrative expenses payable, deficiency contribution payable to GRF and other payables

For investments, fair values are considered to be market value, the calculation of which is described in Note 2.

The pension liability is long-term in nature and there is no market for settling these obligations. Therefore, determination of the fair value of the pension liability is not practical (see Note 4).

9. Investment Performance - STC Fund

The investment manager makes day-to-day decisions on whether to buy or sell investments in order to achieve the long-term performance objectives set by the Public Service Superannuation Board. The Board reviews the investment performance of the Fund in terms of the performance of the benchmark portfolio over four year rolling periods. The primary long-term investment performance objective for the entire portfolio is to outperform a benchmark portfolio.

The following is a summary of the Fund's investment performance:

	2002	Rolling Four Year Average Annual Return
Fund's actual rate of return (a)	4.3%	6.2%
Target rate of return (b)	3.6%	4.8%

(a) The annual returns are before deducting investment expenses.

(b) The Fund's target rate of return for its investment portfolio (return on the benchmark portfolio) has been determined using the actual returns of the market indexes such as the Toronto Stock Exchange 300 Capped 10% Index, the Morgan Stanley Capital International Europe Australia Far East Index and the Scotia Capital Markets Universe Bond Index.

10. **Cash Flow Forecast** - Public Service Superannuation Fund

The total cash inflows are the amount of contributions expected to be received by the pension plan. The total cash outflows are the amounts required to pay all pension obligations. The forecast of cash inflows and outflows have been determined using the long-term assumptions outlined in Note 4. The expected net cash flows are not adjusted for inflation, they are based on actual dollar forecasts.

The cash required is the amount by which the cash outflows exceed cash inflows and is forecast to the end of the year 2031.

Year	**Cash Inflows (000's)**	**Cash Outflows (000's)**	**Cash Required (000's)**
2002-2003	$ 5,231	$ 94,683	$ 89,452
2003-2004	4,958	97,133	92,175
2004-2005	4,647	100,117	95,470
2005-2006	4,257	103,591	99,334
2006-2007	3,838	107,296	103,458
Total within 5 years	$22,931	$ 502,820	$ 479,889
Total 5 - 10 years	$10,307	$ 608,723	$ 598,416
Total 11 - 30 years	$ 334	$2,181,549	$2,181,215

11. Comparative Figures

Certain comparative figures have been reclassified to conform to the current year's financial statement presentation.

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Saskatchewan Pension Annuity Fund as at March 31, 2002 and the statements of operations and net assets (deficit) and cash flows for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
May 15, 2002

Fred Wendel, CMA, CA
Provincial Auditor

SASKATCHEWAN PENSION ANNUITY FUND
STATEMENT OF FINANCIAL POSITION

STATEMENT 1

AS AT MARCH 31

	2002	2001
ASSETS		
Investments (Note 3)		
Short-term	$ 1,134,830	$ 936,232
Bonds and debentures	100,679,539	86,277,028
	101,814,369	87,213,260
Receivables (Note 6)		
Accrued investment income	1,667,021	1,465,490
Members' contributions	426,805	5,180
	2,093,826	1,470,670
Due from General Revenue Fund (Note 4)	377,437	875,536
Cash (Note 6)	1,503	5,077
Total Assets	$104,287,135	$89,564,543
LIABILITIES AND NET ASSETS (DEFICIT)		
Liabilities:		
Administration expenses payable (Note 6)	19,400	32,142
Accumulated provision for annuities payable (Note 5)	105,292,000	89,595,000
Total Liabilities	105,311,400	89,627,142
Net Assets (Deficit) (Statement 2)	(1,024,265)	(62,599)
TOTAL LIABILITIES AND NET ASSETS	$104,287,135	$89,564,543

(See accompanying notes to the financial statements)

SASKATCHEWAN PENSION ANNUITY FUND
STATEMENT OF OPERATIONS AND NET ASSETS (DEFICIT)

STATEMENT 2

YEAR ENDED MARCH 31

	2002	2001
REVENUES		
Transfers from designated plans	$17,117,198	$17,248,152
Investment income	6,424,817	6,177,891
Total Revenue	23,542,015	23,426,043
EXPENSES		
Change in accumulated provision for annuities payable (Note 5)	15,697,000	15,920,000
Annuities	8,616,578	7,488,780
Administration (Note 7)	190,103	168,975
Total Expenses	24,503,681	23,577,755
Net loss for the year	(961,666)	(151,712)
NET ASSETS (DEFICIT), BEGINNING OF YEAR	(62,599)	89,113
NET ASSETS (DEFICIT), END OF YEAR – to Statement 1	$(1,024,265)	$ (62,599)

(See accompanying notes to the financial statements)

SASKATCHEWAN PENSION ANNUITY FUND
STATEMENT OF CASH FLOWS

STATEMENT 3

YEAR ENDED MARCH 31

	2002	2001
Cash flows from operating activities:		
Transfers from designated plans	$ 16,695,573	$17,249,242
Investment Income received	5,111,961	4,484,652
Annuities paid	(8,616,578)	(7,488,780)
Administration expenses paid	(202,845)	(158,163)
Cash flows from operating activities	12,988,111	14,086,951
Cash flows from investing activities:		
Purchase of investments	(105,985,234)	(69,029,474)
Proceeds from sale of investments	92,495,450	55,662,832
	(13,489,784)	(13,366,642)
Net (decrease) increase in cash and cash equivalents	(501,673)	720,309
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	880,613	160,304
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 378,940	$ 880,613
Cash and Cash Equivalents are comprised of:		
Due from General Revenue Fund	$ 377,437	$ 875,536
Cash	1,503	5,077
Cash and Cash Equivalents	$ 378,940	$ 880,613

(See accompanying notes to the financial statements)

SASKATCHEWAN PENSION ANNUITY FUND
NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2002

1. Description of Plan

The Public Employees Pension Board (Pension Board) administers the Saskatchewan Pension Annuity Fund (Fund). The day-to-day administration is provided by the Public Employees Benefits Agency (PEBA). The Fund operates pursuant to Section 5 of *The Saskatchewan Pension Annuity Fund Act* (Act). Further information about the Fund can be found in the Act.

The purpose of the Fund is to provide annuities to members of designated pension plans. Designated pension plans include Public Employees Pension Plan and Members of the Legislative Assembly Superannuation Plan. Members of a designated plan may, upon retirement, elect to receive an annuity from the Fund, as an alternative to purchasing an annuity from a private company that issues annuities. Those electing to receive an annuity from the Fund transfer their accumulated contributions and interest from their designated plan to the Fund at the time of retirement.

Subsection 5(7) of the Act requires any amount by which the liabilities of the Annuity Fund exceed the assets of the Fund to be a charge on, and a payable out of, the General Revenue Fund. As the annuities payable are long-term liabilities, and management does not expect to require funding to meet their current obligations, the Fund has not recorded any amount as a receivable from the General Revenue Fund.

2. Significant Accounting Policies

These financial statements are prepared in accordance with Canadian generally accepted accounting principles. The following accounting policies are considered significant:

a) Investments

Investments are recorded at cost. Premiums and discounts on the acquisition of bonds and debentures are amortized to earnings over the term of the security. Gains or losses realized upon the sale of investments are recognized in the period of disposition.

b) Accumulated Provision for Annuities Payable

The accumulated provision for annuities payable represents the present value of the annuities underwritten by the Pension Board and is determined pursuant to an annual actuarial valuation.

Any resulting change in the liability pursuant to the valuation is recognized as revenue or expense in the statement of operations and net assets (deficit).

c) Cash and Cash Equivalents

Cash consists of cash balances with the investment custodian and the amount due from the General Revenue Fund.

3. Investments

The investment objective is to structure the investment portfolio to limit the effect on the Fund due to changes in the level of interest rates, to provide sufficient liquidity for payments to annuitants when due, and to ensure long-term solvency.

The Fund holds investments in long-term bonds with terms matching the remaining life expectancies of annuitants.

The projected cash inflows over the life of the Fund are expected to meet the cash outflows.

a) Interest Rate Risk

Interest rate risk refers to the adverse consequences of interest rate changes on the Fund's cash flows, financial position and income. This risk arises from differences in the timing and amount of cash flows related to the Fund's assets and liabilities.

The value of the Fund's assets is affected by short-term changes in nominal interest rates.

b) Credit Risk

Credit risk arises from the potential for issuers of securities to default on their contractual obligations to the Fund. The Fund limits the credit risk by dealing with issuers that are considered to be high quality. The credit ratings used to describe the securities below are based on the Dominion Bond Rating Service and/or the Standard and Poor's and/or Moody's Investors Services.

Short-term Investments

Short-term investments are comprised of T-Bills and notes with effective rates of 2.30% to 2.60% (2001 - 5.00% to 5.80%) and an average remaining term to maturity of 27 days (2001 - 15 days). The Fund's investment policy states that investments must meet a minimum investment standard of "R1" as rated by a recognized credit rating service. One Canadian Bank issue represents 79.17% of the market value (2001 – 21.27%) of the short-term investment portfolio, the remaining are issues by the Government of Canada.

Bonds and Debentures

The Fund's investment policy states that government bonds must meet a minimum quality standard of BBB as rated by a recognized credit rating service. No more than 15% of the par value of the bond portfolio may be invested in BBB rated bonds. At March 31, 2001 and 2002, the Fund held none of its portfolio in BBB bonds.

No more than 10% of the market value of the bond portfolio may be invested in corporate bonds. At March 31, 2002 the Fund held 5.37% (2001 – 7.90%) of the market value of bonds and debentures in corporate bonds. The minimum credit rating for corporate bonds is "A" or equivalent as rated by a recognized credit rating service.

(in thousands of dollars)

	2002						2001		
	Market Value								
Years to Maturity	Federal	Provincial	Corporate	Total	Yield to Maturity at Market	Coupon Rate	Total Market Value	Yield to Maturity at Market	Coupon Rate
Under 1	-	-	-	-	-	-	2,059	8.05	0.00-11.00
1 - 5	7,641	7,437	765	15,843	5.7	0.00-9.63	10,244	6.22	0.00-11.00
5 – 10	13,173	4,816	971	18,960	3.8	0.00-10.00	16,849	3.76	0.00-10.25
Over 10	20,220	44,875	3,836	68,931	5.8	0.00-11.25	62,482	5.57	0.00-11.25
Market Value	41,034	57,128	5,572	103,734			91,634		

Actual maturity may differ from contractual maturity because certain borrowers have the right to call or prepay certain obligations with or without call or prepayment penalties.

The Fund's investments are comprised of:

	(in thousands of dollars)			
	2002		2001	
Bonds and Debentures	Cost	Market Value	Cost	Market Value
Province of Saskatchewan	$ 4,118	$ 3,839	$ 3,368	$ 3,112
Other Provincial	73,469	53,289	59,519	44,456
Corporate	4,989	5,573	6,554	7,236
Canada	44,180	41,033	40,879	36,830
Total bonds and debentures at par value	126,756	103,734	110,320	91,634
Less unamortized discounts	(26,076)	-	(24,043)	-
Total bonds and debentures amortized cost	100,680	103,734	86,277	91,634
Short-term investments	1,134	1,135	936	936
Total investments	$101,814	$104,869	$87,213	$92,570

Investments are recorded at cost because investments are matched with liabilities to minimize interest rate and reinvestment risk. Fair value approximates the market value of investments.

4. Due from General Revenue Fund

The Fund's bank accounts are included in the Consolidated Offset Bank Concentration (COBC) arrangement for the Government of Saskatchewan.

The Fund's earned interest is calculated and paid by the General Revenue Fund on a quarterly basis to the Fund's bank accounts using the Government's thirty day borrowing rate and the Fund's bank account balance. The Government's average thirty day borrowing rate for 2001/2002 is 3.41% (2001 - 5.59%).

5. Accumulated Provision for Annuities Payable

The accumulated provision for annuities payable is the actuarial present value of the expected annuity benefit obligations to annuitants. An actuarial valuation of the Fund was performed as at March 31, 2001 and 2002 by Aon Consulting Inc. The actuarial valuation was based on a number of assumptions about future events such as interest rates and mortality. The interest rate assumptions were based on the annuity conversion rate for 15 years from date of issue, reducing to 6% thereafter. The average conversion rate of annuities presently being paid is 7.35% (2001 – 8.06%). For mortality, 80% of the 1983 Group Annuity Mortality Table mortality rates are used.

The annual change in the annuities payable is reflected in the statement of operations and net assets (deficit). The principal components of change during the year were as follows:

	(in thousands of dollars)	
	2002	2001
Accumulated provision for annuities payable, beginning of year	$ 89,595	$73,675
Interest on annuities payable	6,233	5,422
New annuities purchased in the year	17,606	17,716
Annuities paid	(8,113)	(6,876)
Experience (gain)	(29)	(342)
Accumulated provision for annuities payable, end of year	$105,292	$89,595

The annuities payable is based on assumptions about future events including interest and mortality rates. The actual rates may vary significantly from the assumptions used. It is reasonably possible, based on existing assumptions, that changes in future conditions in the near term could require a material change in the annuities payable. A 1% increase in the interest rate decreases the liability $8.7 million and a 1% decrease in the interest rate increases the liability $10.2 million.

6. Fair Value of Financial Assets and Financial Liabilities

The accumulated provision for annuities payable is long-term in nature. Therefore, determination of its fair value is not practical (see note 5).

The following method and assumptions were used to estimate the fair value of each class of financial assets and financial liabilities:

Fair values of investments are considered to be market values (note 3).

For the following financial instruments the carrying amounts approximate fair value due to the immediate or short-term nature of these financial assets and financial liabilities:

a) Accrued investment income
b) Members' contributions receivable
c) Due from General Revenue Fund
d) Cash
e) Administration expenses payable

7. Administration Expenses

(in thousands of dollars)

	2002		2001	
	Budget	Actual	Budget	Actual
Administration costs – PEBA	$101	$105	$ 97	$ 94
Custodial fees - Royal Trust	10	8	10	9
Investment management fees - Greystone Capital Management Inc.	75	77	66	66
	$186	$190	$173	$169

8. Related Party Transactions

All Government of Saskatchewan agencies such as departments, corporations, boards and commissions are related since all are controlled by the Government. Also, the Fund is related to non-Crown enterprises that the Government jointly controls or significantly influences. These financial statements include expenses associated with administering the Fund and are paid to the

PEBA Revolving Fund. Related party transactions with the Fund are in the normal course of operation and are recorded at exchange amounts agreed to by the parties to the transactions.

At March 31, 2002, the Fund held $3,628,989 (2001 - $2,802,075) Province of Saskatchewan bonds and debentures. For the year ended March 31, 2002, the investment income of $198,658 (2001 - $155,821) was earned on the Province of Saskatchewan bonds and debentures.

Other transactions with related parties and amounts due to or from them are described separately in the financial statements and notes.

Management and Auditors' Reports

Management's Responsibility for Financial Statements

The accompanying financial statements of the Saskatchewan Pension Plan (the Plan), and all information in this annual report, have been prepared by Plan management which is responsible for the reliability, integrity and objectivity of the information provided. The statements have been prepared in accordance with Canadian generally accepted accounting principles and necessarily include some estimates based on management's judgment. Other financial information in this annual report is consistent with that provided in the financial statements.

The Plan's accounting system and related system of internal controls are designed to provide reasonable assurance that transactions are properly authorized and recorded, assets are safeguarded, and financial records are properly maintained to provide reliable information for use in the preparation of financial statements.

The Board of Trustees of the Plan is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board reviews and approves the financial statements.

These financial statements have been audited by the Plan's external auditors, Deloitte & Touche LLP, in accordance with Canadian generally accepted auditing standards, on behalf of the Members of the Legislative Assembly of Saskatchewan.

Earl R Hanson K Strutt

Earl R. Hanson
Chairperson
February 15, 2002

Katherine Strutt
General Manager

To the Members of the Legislative Assembly of Saskatchewan

We have audited the statement of net assets available for benefits of the Saskatchewan Pension Plan as at December 31, 2001 and the statements of changes in net assets available for benefits and administrative expenses for the year then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Plan as at December 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Saskatoon, Canada
February 15, 2002

Chartered Accountants

Saskatchewan Pension Plan
Statement of Net Assets Available for Benefits
As at December 31

(thousands of dollars)

	2001			2000		
	Contribution Fund	Annuity Fund	Total	Contribution Fund	Annuity Fund	Total
ASSETS						
Investments (Note 3)						
Money Market	$ 3,666	$ 95	$ 3,761	$ 7,624	$ 1,030	$ 8,654
Bonds	64,719	53,264	117,983	62,838	48,154	110,992
Equities	73,129	-	73,129	71,595	-	71,595
	141,514	53,359	194,873	142,057	49,184	191,241
Cash	345	827	1,172	470	90	560
Accrued Interest and Dividends	712	719	1,431	821	602	1,423
Prepaid (Deferred) Retirement Transfers	766	(766)	-	766	(766)	-
Prepaid Pension Benefits	-	443	443	-	407	407
	143,337	54,582	197,919	144,114	49,517	193,631
LIABILITIES						
Administrative Expenses Payable	121	42	163	126	46	172
Death and Other Benefits Payable	98	61	159	166	39	205
Deferred Member Contributions	6	-	6	2	-	2
	225	103	328	294	85	379
NET ASSETS AVAILABLE FOR BENEFITS	$143,112	$ 54,479	$197,591	$143,820	$ 49,432	$193,252

ON BEHALF OF THE TRUSTEES:

Earl R Hanson

Earl R. Hanson,
Chairperson

G. N. (Arnie) Arnott,
Board Member

(See Accompanying Notes)

Saskatchewan Pension Plan
Statement of Changes in Net Assets Available for Benefits
For the Year Ended December 31

(thousands of dollars)

	2001			2000		
	Contribution Fund	Annuity Fund	Total	Contribution Fund	Annuity Fund	Total
INCREASE IN ASSETS						
Investment Income						
Interest	$ 4,127	$ 4,120	$ 8,247	$ 4,342	$ 3,867	$ 8,209
Dividends	1,819	-	1,819	2,570	-	2,570
	5,946	4,120	10,066	6,912	3,867	10,779
Change in Market Value of Investments	(1,844)	-	(1,844)	6,720	-	6,720
Contributions	4,907	-	4,907	4,643	-	4,643
	9,009	4,120	13,129	18,275	3,867	22,142
TRANSFERS ON RETIREMENT	(6,859)	6,859	-	(6,710)	6,710	-
DECREASE IN ASSETS						
Pension Benefits	-	5,056	5,056	-	4,659	4,659
Administrative Expenses	1,142	423	1,565	1,124	406	1,530
Transfer to Other Pension Plans	1,322	-	1,322	-	1,281	1,281
Death and Other Benefits	394	453	847	371	282	653
	2,858	5,932	8,790	1,495	6,628	8,123
Change in Net Assets	(708)	5,047	4,339	10,070	3,949	14,019
NET ASSETS AVAILABLE FOR BENEFITS BEGINNING OF YEAR	143,820	49,432	193,252	133,750	45,483	179,233
NET ASSETS AVAILABLE FOR BENEFITS END OF YEAR	$143,112	$ 54,479	$197,591	$143,820	$ 49,432	$193,252

(See Accompanying Notes)

Saskatchewan Pension Plan
Statement of Administrative Expenses
For the Year Ended December 31

(thousands of dollars)

	2001	2000
EXPENSES		
Salaries and Wages	$ 569	$ 596
Professional and Technical Services	505	489
Advertising and Promotional	236	203
Computer Systems	66	65
Facility and Equipment Rental	66	61
Telephone, Freight and Postage	52	46
Office Supplies	21	24
Other Contractual	21	20
Board Honorariums and Expenses	17	17
Travel	12	9
ADMINISTRATIVE EXPENSES OF THE PLAN	$1,565	$1,530

	2001	2000
ADMINISTRATIVE EXPENSES ALLOCATED AS FOLLOWS:		
Contribution Fund	$1,142	$1,124
Annuity Fund	423	406
	$1,565	$1,530

(See Accompanying Notes)

Saskatchewan Pension Plan
Notes to the Financial Statements
December 31, 2001

1. **Description of Plan**

(a) **General**

The Saskatchewan Pension Plan ("SPP" or the "Plan") is a defined contribution plan established by the Government of Saskatchewan to provide an opportunity for individuals with little or no access to private pensions or other retirement savings arrangements to save for their retirement. Details of the Plan are contained in *The Saskatchewan Pension Plan Act* (the Act) and Regulations.

(b) **Funds Established**

The following funds were established to administer the Plan:

(i) Contribution Fund

Established to accumulate all contributions and earnings for members who have not yet retired under the Plan. The Fund holds a balanced portfolio including equities, bonds and short term investments to maximize earnings while minimizing risk to members.

(ii) Annuity Fund

Established to hold the funds to make pension payments to retired members. The Fund holds investments in high quality long-term bonds. The Fund also holds money market investments for current pension needs and to pay administration costs. Equity investments are not permitted. The investment portfolio is structured to limit the effect on the Fund due to changes in the level of interest rates, to provide sufficient liquidity for payments to retirees when due, and to ensure long-term solvency.

(c) **Contributions**

Participation is voluntary and members can contribute a maximum of $600 for each plan year. Contributions are vested immediately in the member's name and are locked into the Plan until retirement.

(d) **Retirement**

Members may retire under the Plan as early as age 55 or delay retirement as late as age 69. A member's accumulated account balance at retirement comprises the member's contributions to the Plan together with the investment income and changes to the market value of the Plan's investments allocable to the member as of that date under the terms of the Plan. Upon retirement, members will be provided with a pension by the Plan, or at the request of the member, may transfer all or part of their account to a locked-in pension option with a different financial institution. The options available are Locked-in Retirement Account (LIRA), Locked-in Retirement Income Fund (LRIF), and Life Income Fund (LIF). The accumulated account balances of members who opt to remain in the Plan at retirement are transferred to the Annuity Fund.

(e) **Administrative Expenses**

Administrative expenses are allocated to the Funds based on their weighted average asset base as prescribed by Regulation.

(f) **Income Tax**

The Plan is a prescribed provincial plan under the Income Tax Act and is not subject to tax.

(g) **Death Benefits**

Should a member die prior to retirement, the funds in his or her account will be paid to the named beneficiary. If the beneficiary is the member's spouse, the funds may be transferred to the spouse's SPP account or to their own registered retirement savings plan.

Should a member die after retirement, death benefits are payable according to the type of annuity the member selected at retirement.

(h) **Survivor Benefits**

When a member who selected the Joint and Last Survivor Annuity dies, benefits are paid to the survivor for the balance of his or her life.

(i) **Withdrawal Provisions**

Members whose monthly pensions are less than the prescribed amount can withdraw their total pension in one lump sum instead of receiving monthly benefits. In 2001, the prescribed amount was $15.96.

Saskatchewan Pension Plan
Notes to the Financial Statements
December 31, 2001
(thousands of dollars)

2. Significant Accounting Policies

The financial statements are prepared in accordance with Canadian generally accepted accounting principles. The following policies are considered to be significant:

(a) Investment Transaction and Income Recognition

Investment transactions are accounted for on the trade date. Realized gains and losses and unrealized appreciation or depreciation of investments are determined by reference to the average cost of investments. The Plan follows the accrual method for the recording of income and expenses. Dividends are recorded on the date of record.

(b) Investments

(i) Contribution Fund

Investments comprising of bonds and equities are stated at market value. Money market investments, comprising of treasury bills and bankers acceptances, are recorded at cost, which approximates market value.

(ii) Annuity Fund

Investments in bonds are carried at amortized cost. Any premium or discount arising on purchase is amortized to income over the period to maturity. Gains and losses arising on sale are deferred and amortized to income over the remaining term to maturity of the security sold. Funds are transferred from the Contribution Fund at the date members retire to the Annuity Fund for the purchase of long-term bonds. The combined duration of the bonds purchased is matched to the duration of the liabilities under the Annuity Fund. Under the policy of the Plan such bonds are generally required to be held to maturity and therefore are not considered marketable. This is consistent with the basis of underwriting annuities, which are issued based on the prevailing interest rates at the time of retirement. Money market investments, comprising of treasury bills and bankers acceptances, are recorded at cost, which approximates market value.

(c) Foreign Currency Translation

Monetary items denominated in foreign currency are translated at the exchange rate in effect at year-end. Investments, revenue, and expenses are translated at the exchange rate in effect at the transaction date. Gains and losses arising on translation are included in the current period change in market value of investments.

(d) Fair Value

Accrued interest and dividends, prepaid (deferred) retirement transfers, prepaid pension benefits, administrative expenses payable, death and other benefits payable and deferred member contributions are all short term in nature and as such, their carrying value approximates fair value.

Fair value of investments comprising of bonds, equities and marketable securities is determined by reference to closing year end sale prices from recognized security dealers or, in the absence of recorded sales, by reference to closing year end bid and ask prices.

Saskatchewan Pension Plan
Notes to the Financial Statements
December 31, 2001
(thousands of dollars)

3. **Investments**

(a) Contribution Fund

(i) Money Market

	2001			2000		
	Average Term (in days)	Effective Interest Rate (percent)	Market Value	Average Term (in days)	Effective Interest Rate (percent)	Market Value
Money Market	91	2.5	$ 3,666	74	5.7	$ 7,624

Money market investments are defined as securities purchased with a maturity of one year or less. Only securities with an "R-1", rating as rated by a recognized bond rating agency at the time of purchase, are permissible. Other than the Government of Canada, no single issuer represents more than 13.6% (2000: 11.0%) of the money market portfolio.

(ii) Bonds

2001

Years to Maturity	Market Value Federal	Provincial	Real Return	Municipal	Corporate	Total
5 years or less	$ 18,320	$ 3,443	$ -	$ 535	$ 5,855	$ 28,153
Greater than 5 years	16,635	7,224	-	354	12,353	36,566
	$ 34,955	$ 10,667	$ 0	$ 889	$ 18,208	$ 64,719

2000

Years to Maturity	Market Value Federal	Provincial	Real Return	Municipal	Corporate	Total
5 years or less	$ 19,095	$ 2,106	$ -	$ -	$ 6,330	$ 27,531
Greater than 5 years	16,996	8,731	247	878	8,455	35,307
	$ 36,091	$ 10,837	$ 247	$ 878	$ 14,785	$ 62,838

Bonds must meet a minimum quality standard of "BBB" or equivalent, as rated by a recognized credit rating service. No more than 15% of the market value of the bond portfolio may be held in "BBB" issues. Other than the Government of Canada, no single issuer represents more than 5.3% (2000: 5.6%) of the overall bond portfolio. All of the bonds are fixed rate bonds with effective interest rates ranging between 4.2% and 7.9% (2000: 3.6% and 10.9%). Actual maturity may differ from contractual maturity because certain borrowers have the right to call or prepay certain obligations with or without call or prepayment penalties.

Saskatchewan Pension Plan
Notes to the Financial Statements
December 31, 2001
(thousands of dollars)

(iii) Equities at Market Value

	2001	2000
Canadian Shares	$ 37,739	$ 44,445
United States Shares	20,113	13,503
Non North American Pooled Fund	15,277	13,647
	$ 73,129	$ 71,595

No one holding represents more than 10% of the market value of the equity portfolio or more than 10% of the capital stock of the issuer. Equities include common shares that have no fixed maturity date and are generally not exposed to interest rate risk. The average dividend rate is 1.7% (2000: 1.5%)

(iv) Interest Rate, Credit, and Foreign Currency Risk

Interest Rate Risk
Interest rate risk refers to the adverse consequences of interest rate changes on the Plan's cash flows, financial position and income. This risk arises from differences in the timing and amount of cash flows related to the Plan's assets and liabilities. The value of some of the Plan's assets is affected by changes in nominal interest rates and equity markets.

The Fund holds approximately 48.3% (2000: 49.6%) of its investments in fixed income securities and 51.7% (2000: 50.4%) in equities at December 31, 2001.

Credit Risk
Credit risk arises from the potential for issuers of securities to default on their contractual obligation to the Plan. The Plan limits the credit risk by dealing with issuers that are considered to be high quality. At December 31, 2001 the Fund's maximum credit risk exposure relates to bonds, accrued income and short-term investments totalling $69,097 (2000: $71,283)

Foreign Currency Risk
Foreign Currency exposure arises from the Plan's holdings of foreign equities. As at December 31, 2001, the Plan's foreign currency exposure was $35,390 (2000: $27,150).

To manage the above risks, the Board has adopted an Investment Policy whereby investments are strategically distributed among several classes of assets to reduce exposure to investment volatility. The Plan's Investment Policy also defines minimum quality rating for new investments and restricts the size of investment in any one issuer.

(v) Investment Performance
Investment performance and benchmark returns are as follows:

	2001	2000
Portfolio Return	3.0%	10.2%
Benchmark Return	-1.8%	5.6%

The portfolio return is a time-weighted rate of return calculation before deducting administration expenses. The benchmark return aggregates the actual market index returns according to the weightings specified in the Investment Policy.

Saskatchewan Pension Plan
Notes to the Financial Statements
December 31, 2001
(thousands of dollars)

(b) Annuity Fund

(i) Money Market

	2001			2000		
	Average Term (in days)	Effective Interest Rate (percent)	Market Value	Average Term (in days)	Effective Interest Rate (percent)	Market Value
Money Market	49	1.9	$ 95	17	5.6	$ 1,030

Money market investments are defined as securities purchased with a maturity of one year or less. Only securities with an "R-1" rating are permissible. Other than Government of Canada, no single issuer represents more than 0.0% (2000: 38.5%) of the money market portfolio.

(ii) Bonds

2001

Years to Maturity	Carrying Value Federal	Provincial	Corporate	Total	Total Market
5 years or less	$ 3,386	$ 3,817	$ 543	$ 7,746	$ 8,290
Greater than 5 years	10,072	32,918	2,528	45,518	54,450
	$ 13,458	$ 36,735	$ 3,071	$ 53,264	$ 62,740

2000

Years to Maturity	Carrying Value Federal	Provincial	Corporate	Total	Total Market
5 years or less	$ 3,991	$ 1,994	$ 806	$ 6,791	$ 7,001
Greater than 5 years	9,455	30,206	1,702	41,363	50,693
	$ 13,446	$ 32,200	$ 2,508	$ 48,154	$ 57,694

Government bonds must meet a minimum quality standard of "BBB" or equivalent as rated by a recognized credit rating service at the time of purchase. No more than 15% of the par value of the total bond portfolio may be held in "BBB" issues. Corporate bonds must meet a minimum quality standard of "A" at the time of purchase. Other than the Government of Canada, no single issuer represents more than 21.3% (2000: 24.3%) of the overall bond portfolio. All of the bonds are fixed rate bonds with yields to maturity ranging between 4.7 and 11.4% (2000: 5.1% and 11.4%). Actual maturity may differ from contractual maturity because certain borrowers have the right to call or prepay certain obligations with or without call or prepayment penalties.

Saskatchewan Pension Plan
Notes to the Financial Statements
December 31, 2001
(thousands of dollars)

(iii) Interest Rate and Credit Risk

Interest Rate Risk

Interest rate risk refers to the adverse consequences of interest rate changes on the Plan's cash flows, financial position and income. This risk arises from differences in the timing and amount of cash flows related to the Plan's assets and liabilities. The value of some of the Plan's assets is affected by changes in nominal interest rates.

Credit Risk

Credit risk arises from the potential for issuer of securities to default on their contractual obligation to the Plan. The Plan limits the credit risk by dealing with issuers that are considered to be high quality. At December 31, 2001 the Fund's maximum credit risk exposure relates to bonds, accrued income and short-term investments totalling $54,078 (2000: $49,786).

To manage the above risk, the Board has adopted an Investment Policy that sets out the manner in which assets are invested. The Plan's Investment Policy defines the minimum quality rating for new investments and restricts the size of certain investments.

4. Actuarial Valuation of Pension Liability

An actuarial valuation was performed on the Plan as at December 31, 2001 by Aon Consulting. The valuation considered the obligations to retired members.

The valuation method used to calculate the basic pension liability of retired members was the projected benefit method prorated on services. The current annuity rate for each individual annuitant at their date of retirement has been used for the first 15 years and 6% per annum thereafter to determine the liabilities. The 1983 Group Annuity Mortality Table rates were used.

The results of this valuation are summarized below:

	2001	2000
Net Assets Available	$54,479	$49,432
Basic Pension Liability	53,185	48,575
Surplus	$ 1,294	$ 857

Pension annuities are issued based on the prevailing interest rates at the dates of retirement of the annuitants. The duration of the investments purchased are matched with the duration of the liabilities. As such, the risk to the Plan relates to:

(i) any differences, which may be material, between the estimated and actual life expectancy of the annuitant group which may cause the Plan to have insufficient funds to meet the liability or more funds than required; and

(ii) reinvestment of assets at maturity at rates greater than or less than rates used in determining the annuities.

To manage this risk, the Plan uses investment managers and actuaries to assist in determining the investment strategy. Further, subsection 7(3.1) of the Act requires any amount by which the liability of the Annuity Fund exceeds the assets of the Annuity Fund to be a charge on and payable from the General Revenue Fund of the Province of Saskatchewan. At December 31, 2001 and 2000, the Annuity Fund was in a surplus position.

Saskatchewan Pension Plan
Notes to the Financial Statements
December 31, 2001
(thousands of dollars)

The principal components of the change in the basic pension liability are summarized below:

	2001	2000
Liability, beginning of year	$48,575	$44,880
Interest on liabilities	3,133	3,003
Increase in liability due to new annuities	6,639	5,239
Increase in liability due to change in assumption	-	103
Decrease in liability due to commuted value payouts	(202)	-
Expected annuity payments with interest	(5,054)	(4,695)
Mortality experience	94	45
Liability, end of year	$53,185	$48,575

5. **Earnings Allocation to Members**

Investment income less administration expenses are allocated annually to members in the Contribution Fund. The change in market value of investments is allocated over a four year period on a straight line basis.

The maximum gain or loss deferred to future years is 5% of the total market value of investments at December 31 of each year. At December 31, 2001 the gain deferred to future years was $2,174 (2000 - $7,106).

6. **Related Party Transactions**

The Plan conducts a portion of its transactions with Saskatchewan Crown-controlled Agencies, departments and corporations. These transactions are at the prevailing market rates and are settled on normal trade terms. During the year, the Plan incurred operating expenses of approximately $193 (2000: $200) with these related parties.

At December 31, 2001, the Plan has $5,009 par value (2000: $4,544) invested in Province of Saskatchewan bonds with varying maturity dates and interest rates. Interest earned on these bonds during the year was approximately $296 (2000: $228).

7. **Lease Commitment**

The Plan is committed to an operating lease for office space to September 30, 2006 with minimum annual lease payments of $69.

8. **Comparative Figures**

Certain comparative figures have been reclassified to conform with the current year's financial statement presentation. The comparative figures were reported on by another public accounting firm.

AUDITOR'S REPORT

To the Members of the Legislative Assembly
of Saskatchewan

I have audited the statement of net assets available for benefits of The Saskatchewan Research Council Employees' Pension Plan as at December 31, 2001 and the statement of changes in net assets available for benefits for the year then ended. The Plan's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as at December 31, 2001 and the changes in the net assets available for benefits for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
February 14, 2002

Fred Wendel, CMA, CA
Acting Provincial Auditor

Statement 1

THE SASKATCHEWAN RESEARCH COUNCIL EMPLOYEES' PENSION PLAN
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS
As At December 31

	2001	2000
ASSETS		
Investments:		
Balanced Mutual Fund	$ 21,226,632	$ 25,114,706
Cash	98	80
	$ 21,226,730	$ 25,114,786
LIABILITIES		
Accounts payable (Note 3)	2,756	109,741
Net assets available for benefits (Statement 2)	$ 21,223,974	$ 25,005,045

(See accompanying notes to the financial statements)

Statement 2

THE SASKATCHEWAN RESEARCH COUNCIL EMPLOYEES' PENSION PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
Year Ended December 31

	2001	2000 (Restated-Note 8)
Increase in assets:		
Increase in net asset value of investments and cash	$ -	$ 2,624,542
Contributions - employer	472,004	475,324
Total increase in assets	472,004	3,099,866
Decrease in assets:		
Decrease in net asset value of investments and cash	$ 739,176	$ -
Refund upon termination and retirement benefits - Defined Contribution Plan	3,075,393	1,441,236
Retirement benefits - Defined Benefit Plan	384,379	418,919
Administration	54,127	59,464
Total decrease in assets	4,253,075	1,919,619
(Decrease) Increase in net assets	(3,781,071)	1,180,247
Net assets available for benefits, beginning of year	25,005,045	23,824,798
Net assets available for benefits, end of year - to Statement 1	$ 21,223,974	$ 25,005,045

(See accompanying notes to the financial statements)

THE SASKATCHEWAN RESEARCH COUNCIL EMPLOYEES' PENSION PLAN
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2001

1. Description of the Plan

The following description of the Plan is a summary only. For more complete information, reference should be made to the Plan Agreement. The Plan is administered by The Saskatchewan Research Council (SRC). The Pension Plan Advisory Committee (PAC) promotes awareness and understanding of the Plan, periodically reviews the results of the Plan, and advises the SRC and Plan Members with respect to matters of concern to the Members. The PAC is comprised of a maximum of five members, of which one is from the SRC's senior management and two to four are appointed by the SRC from the list of Plan Members.

(a) General

The Saskatchewan Research Council Employees' Pension Plan was established May 1, 1974 for the purpose of providing retirement income to the SRC's employees. Up to and including December 31, 1990, the Plan provided the greater of a defined benefit or a defined contribution entitlement for Members of the Plan. Effective January 1, 1991, the Plan was amended and restated to provide solely a defined contribution benefit to Members. The changes do not affect existing pensioners who will continue to receive benefits as granted.

(b) Funding Policy

The employer contributes 4.875% of the Member's Earnings up to the Year's Maximum Pensionable Earnings (YMPE) and 7.5% of the Member's Earnings above the YMPE, as defined under the Canada Pension Plan, on a monthly basis.

(c) Retirement

Upon retirement, a transfer is available based on the Member's accumulated balance to another pension plan, a Locked-In Retirement Account Contract, a Life Income Fund Contract, a Locked-In Retirement Income Fund Contract or to purchase a life annuity contract.

(d) Termination Refunds

Upon application and subject to lock-in provisions, termination refunds are payable when a member ceases to be employed by the SRC.

1. Description of the Plan (continued)

(e) Defined Benefit Pensioners

Pensioners receive benefit increases effective April 1st of each year based on CPI increases to the extent investment earnings exceed 6% in the previous calendar year. The last increase was effective April 1, 2001.

The SRC Board of Directors passed a resolution, such that in a year where indexing of pension benefits, as established under the plan, does not provide for an automatic increase, or where the automatic increase is less than the maximum permitted, the Board will review the status of the pension plan and may provide for an ad hoc increase.

2. Summary of Accounting Policies

The financial statements are prepared in accordance with Canadian generally accepted accounting principles. The following principles are considered to be significant:

Basis of Accounting

These financial statements are prepared using the accrual basis of accounting.

Investments

The investment is comprised of units in a balanced mutual fund managed by a professional investment manager. The balanced mutual fund has no fixed interest rate, and its returns are based on the performance of the fund.

Additional units are acquired when distributions are made by the funds. Cash dividends are not paid by the funds; however, investors can realize changes in the underlying unit values by redeeming units.

Units in the mutual funds are recorded in the accounts at their net asset value per unit. Net asset value per unit is the market value of the investments in the particular fund's portfolio divided by the total number of outstanding units in that fund. The adjustment necessary to record units at their net asset value at the year end is shown as an increase or decrease in net assets available for benefits.

3. Accounts Payable

The balance is due to SRC and is comprised of payments made on behalf of the pension fund.

4. Net Assets Available for Benefits and Pension Obligations

The investment objectives of the Plan are to ensure the Plan has sufficient assets to meet future pension obligations and to generate sufficient cash flow to meet pension payments. The strategy employed to achieve these objectives is to invest cash flows from contributions into assets such as pooled funds.

The value of the Plan's assets is affected by short-term changes in nominal interest rates and equity markets.

Credit risk arises from the potential for an issuer to default on its contractual obligations to the Plan. The Plan limits credit risk by dealing with issuers that are considered to be high quality.

The pension obligation is long term in nature. The Plan has no intention of settling its pension obligation in the near term and there is no market for settling pension obligations. Therefore, determination of the fair value of the pension liability is not practicable.

	2001	2000
Net assets available for benefits (Statement 1)	$ 21,223,974	$ 25,005,045
Less: Defined contribution balances	17,917,798	21,158,587
Defined benefit obligations	2,801,000	3,174,000
Surplu	$ 505,176	$ 672,458

The present value of the defined benefit obligation was determined using the projected benefit method prorated on service and the administrator's best estimate assumptions. Watson Wyatt Canada performed an actuarial valuation as of January 1, 2002. Effective January 1, 2000 the UP94 mortality table, projected to 2014 (i.e. projection for 20 years), was used for the annual actuarial valuation. The actuarial present value of accrued benefits as at January 1, 2002 and the principal component of changes in the actuarial present values during the year for pensioners who retired before 1991 are as follows:

	2001	2000
Beginning of year	$ 3,174,000	$ 3,304,000
Interest on accrued benefits	190,000	198,000
Benefits paid	(384,000)	(419,000)
Adustment for miscellaneous gains/losses	(179,000)	13,000
Adjustments (Note 1(e))	-	78,000
End of yea	$ 2,801,000	$ 3,174,000

4. Net Assets Available for Benefits and Pension Obligations (continued)

Investment earnings in excess of 6% will be applied to provide increases to all defined benefit pensioners in receipt of benefits, which are paid from the pension fund. Therefore, the significant long-term assumption used in determining the actuarial value of accrued pension benefits was:

Interest rate	6%

Upon termination of the Plan, any balance of the Pension Fund remaining, after discharging all liabilities, shall belong to the SRC. The balance may be distributed in a manner to be determined by the SRC, at its sole discretion, after receiving prior approval in accordance with *The Pension Benefits Act, 1992*, the *Income Tax Act (Canada)* and the regulations thereunder.

5. Investment Performance

The investment manager makes day-to-day decisions on whether to buy or sell investments in order to achieve the long-term performance objectives set by the PAC. The PAC reviews the investment performance of the plan in terms of the performance of the benchmark portfolio over 5 year rolling periods. The long term investment performance objective for the entire portfolio is to outperform a benchmark portfolio. Results for the year ended December 31, 2001 compared to benchmark are as follows:

Period ending December 31, 2001	Benchmark Return	Annualized Gross Return
One year return	-2.8%	-2.0%
Three year return	5.7%	6.6%
Five year return	8.3%	8.2%

6. Related Party Transactions

The Saskatchewan Research Council provides general administrative services without charge.

7. Administration

The administration costs shown on Statement 2 are paid out of the surplus as provided for in the Plan text:

	2001	2000
Canada Trus	$ 32,363	$ 35,281
Other payees	21,764	24,183
Total administrative expenses	$ 54,127	$ 59,464

8. Comparative Figures

The prior year's financial statements have been restated to reflect a misclassification of "Increase in net asset value of investments and cash" and "Refund upon termination and retirement benefits - Defined Contribution Plan". There is no impact on the "Net assets available for benefits, end of year".

AUDITOR'S REPORT

To the Members of the Legislative Assembly

I have audited the statement of net assets available for benefits and accrued pension benefits and unfunded liability of the Teachers' Superannuation Plan as at June 30, 2001 and the statements of changes in net assets available for benefits and changes in accrued pension benefits for the year then ended. The Plan's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the net assets available for benefits and accrued pension benefits and unfunded liability of the Plan as at June 30, 2001 and the changes in the net assets available for benefits and changes in accrued pension benefits for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
September 13, 2001

Fred Wendel, CMA, CA
Acting Provincial Auditor

Statement 1
Teachers' Superannuation Plan
Statement of Net Assets Available for Benefits and Accrued Pension Benefits and Unfunded Liability
As at June 30

	2001			2000		
	Superannuation Fund ($000)	Voluntary Contributions Fund ($000)	Total ($000)	Superannuation Fund ($000)	Voluntary Contributions Fund ($000)	Total ($000)
ASSETS						
Due from General Revenue Fund (Note 9)	$ 359	$ 41	$ 400	$ 121	$ 9	$ 130
Accrued investment income	10,259	1	10,260	10,885	2	10,887
Investments (Note 3):						
Bonds and debentures	671,928	–	671,928	905,624	–	905,624
Short term	48,145	309	48,454	21,199	299	21,498
Equities	850,020	–	850,020	857,993	–	857,993
Pooled Funds	181,887	2,802	184,689	125,728	2,751	128,479
Mortgages	3,883	–	3,883	5,732	–	5,732
Real estate	91,722	–	91,722	60,158	–	60,158
	1,858,203	3,153	1,861,356	1,987,440	3,061	1,990,501
Contributions receivable:						
- Teachers'	1,816	–	1,816	1,953	–	1,953
- Government	8,896	–	8,896	9,067	–	9,067
	10,712	–	10,712	11,020	–	11,020
Total assets	$ 1,868,915	$ 3,153	$1,872,068	$ 1,998,460	$ 3,061	$2,001,521
LIABILITIES						
Accounts payable	$ 243	$ 2	$ 245	$ 492	$ 3	$ 495
Total liabilities	$ 243	$ 2	$ 245	$ 492	$ 3	$ 495
Net assets available for benefits	$ 1,868,672	$ 3,151	$1,871,823	$ 1,997,968	$ 3,058	$2,001,026
Actuarial asset value adjustment	$ (267,673)	$ –	$ (267,673)	$ (359,968)	$ –	$ (359,968)
Actuarial value of net assets available for benefits	$ 1,600,999	$ 3,151	$1,604,150	$ 1,638,000	$ 3,058	$1,641,058
Actuarial accrued pension benefits (Statement 3)	3,558,000	3,151	3,561,151	3,470,000	3,058	3,473,058
Unfunded Liability	$ 1,957,001	$ –	$1,957,001	$ 1,832,000	$ –	$1,832,000

(See accompanying notes to the financial statements)

Statement 2
Teachers' Superannuation Plan
Statement of Changes in Net Assets Available for Benefits
For the Year Ended June 30

	2001			2000		
	Superannuation Fund ($000)	Voluntary Contributions Fund ($000)	Total ($000)	Superannuation Fund ($000)	Voluntary Contributions Fund ($000)	Total ($000)
INCREASE IN ASSETS:						
Investment income:						
Interest	$ 58,120	$ 230	$ 58,350	$ 56,429	$ 106	$ 56,535
Dividends	27,066	–	27,066	22,681	–	22,681
	85,186	230	85,416	79,110	106	79,216
Current period change in market values of investments	(71,369)	(154)	(71,523)	206,879	297	207,176
Contributions:						
- General Revenue Fund matching contributions	19,443	–	19,443	19,105	–	19,105
- General Revenue Fund other contributions	20,025	–	20,025	59,509	–	59,509
- Teachers'	19,552	226	19,778	19,049	28	19,077
Other transfers and contributions	3,574	–	3,574	2,815	–	2,815
	62,594	226	62,820	100,478	28	100,506
Total increase in assets	$ 76,411	$ 302	$ 76,713	$ 386,467	$ 431	$ 386,898
DECREASE IN ASSETS:						
Marriage breakdown payments	$ 1,164	$ –	$ 1,164	$ 460	$ —	$ 460
Allowance to superannuates	193,746	–	193,746	181,566	—	181,566
Refunds and transfers	8,414	198	8,612	5,541	179	5,720
Investment expenses (Note 6)	2,383	11	2,394	2,173	10	2,183
Total decrease in assets	205,707	209	205,916	189,740	189	189,929
Increase in net assets	$ (129,296)	$ 93	$ (129,203)	$ 196,727	$ 242	$ 196,969
Net assets available for benefits, beginning of year	1,997,968	3,058	2,001,026	1,801,241	2,816	1,804,057
Net assets available for benefits, end of year	$ 1,868,672	$ 3,151	$1,871,823	$ 1,997,968	$ 3,058	$ 2,001,026

(See accompanying notes to the financial statements)

Statement 3
Teachers' Superannuation Plan
Statement of Changes in Accrued Pension Benefits
For the Year Ended June 30

	2001 Superannuation Fund (Note 7) ($000)	2000 Superannuation Fund ($000)
BEGINNING OF YEAR	$ 3,470,000	$ 3,639,000
INCREASE IN ACCRUED PENSION BENEFITS:		
Interest on accrued benefits	243,000	236,000
Benefits accrued	55,000	50,000
Impact of new collective bargaining agreement	–	4,000
	298,000	290,000
DECREASE IN ACCRUED PENSION BENEFITS:		
Benefits paid	210,000	194,000
Experience gains	–	67,000
Change in valuation assumptions	–	198,000
	210,000	459,000
Accrued pension benefits, end of year	$ 3,558,000	$ 3,470,000

(See accompanying notes to the financial statements)

Teachers' Superannuation Plan
Notes to the Financial Statements
For The Year Ended June 30, 2001

1. Status of the Commission

The Teachers' Superannuation Commission administers a pension plan, the Teachers' Superannuation Plan consisting of the Teachers' Superannuation Fund and the Voluntary Contributions Fund. The Teachers' Superannuation Fund is used to account for the net assets accumulated for a defined benefit final average pension plan for teachers who commenced service prior to July 1, 1980. The Voluntary Contributions Fund is a money purchase fund, used to account for the net assets accumulated for teachers' voluntary contributions.

Description of Plan

The following description is a summary only. For more complete information, reference should be made to *The Teachers Superannuation and Disability Benefits Act.*

Teachers' Superannuation Fund

a) Funding Policy

Members are required to contribute 6.05% of their salary subject to Canada Pension Plan contributions, and 7.85% on the remainder of their salary. The Department of Education appropriation pays into the Teachers' Superannuation Fund (Fund) an amount equal to the amount contributed by members. Also, the Department pays the Superannuation Fund other contributions pursuant to subsection 9(4) of *The Teachers Superannuation and Disability Benefits Act.* Section 9(4) of the Act requires the Department to yearly pay an amount by which the allowances, transfers and refunds that are paid out in that fiscal year exceed the credited contributions of members with respect to whom an allowance commences or a refund or transfer is made in that fiscal year. These amounts do not include disability benefit payments.

b) Age and Service Allowance

The annual amount of pension is determined as follows:
- 2% of the five highest years salary times years of service (maximum 35 years)
- reduced at age 65 for Canada Pension Plan integration
- increased each January 1 by 80% of the increase in the Consumer Price Index

c) Interest Credited to Contributions

As of July 1, 1994, the interest credited to contributions is an annual rate determined by the Commission to be the annual rate of return earned from the investments of the Fund in a fiscal year, compounded annually. See Note 4 for determination of investment earnings.

d) Death Benefits

When a superannuate dies, the spouse receives 60% of the allowance plus a further 10% for each dependent child to a maximum of 25%. If there is no spouse or dependent children, the nominee or estate receives a lump sum payment of the difference, if any, between the teachers' contributions and interest at retirement and the total pension paid to date.

e) Refunds

Refunds to teachers typically consist of the teacher's contributions and interest on those contributions.

Voluntary Contributions Fund

The Teachers' Superannuation Commission administers the Voluntary Contributions Fund. This Fund is continued under *The Teachers Superannuation and Disability Benefits Act.* The Voluntary Contributions Fund allows active teachers to make contributions into the Fund, according to the limits set out in *The Income Tax Act.*

The Voluntary Contributions Fund is credited with all voluntary contributions, any interest earned and any other revenue accrued from the investment of monies in the Voluntary Contributions Fund. This amount is reduced by amounts paid out of the Fund at the time the teacher makes an application for a refund. If eligible, the accumulated contributions and interest earned are paid to the teacher, the teacher's nominee or to the teacher's estate.

2. Significant Accounting Policies

The financial statements are prepared in accordance with Canadian generally accepted accounting principles. The following accounting policies are considered significant:

a) Investments

Investments in bonds and equities are recorded at market values which are determined by reference to closing year end sale prices from recognized security dealers or, in the absence of recorded sales, by reference to closing year end bid and ask prices. Transactions in bonds and equities are recorded as of the trade date.

Investments denominated in foreign currency are translated at the exchange rate in effect at year end. Investments and realized gains and/or losses are translated at the exchange rate in effect at the transaction date. Unrealized gains and losses resulting from exchange differences are included in the determination of the change in market value of investments.

Pooled funds are valued based on the quoted market price of the underlying investment; normally the current bid price.

Short-term investments are valued at cost which approximates market value.

Mortgages are recorded at fair value. Fair value is determined by discounting the present value of all income streams accruing to the mortgage. The discount rate applied to these income streams reflect the current market rate for comparable mortgages of a comparable term.

Real estate is recorded at fair value as estimated by independent appraisals.

The fair value of the investments approximates the market value.

b) Actuarial Asset Value Adjustment

The actuarial value of net assets available for benefits is determined by reference to market trends consistent with assumptions underlying the valuation of accrued pension benefits. The actuarial asset value adjustment represents the difference between the actual and management's best estimate of return on the Superannuation Fund amortized over four years. Using this adjustment, fair value remains the underlying basis for asset valuation, but fluctuations are averaged over a four-year period.

3. Investments

The investment objectives of the Plan are to ensure the Plan has sufficient assets to meet future pension obligations and to generate sufficient cash flow to meet pension payments. Due to the long-term horizon of the Plan's liabilities, the Plan takes a long-term investment perspective. The strategy employed to achieve these objectives is to invest cash flows from contributions, maturing debentures and investment returns into assets such as Canadian and foreign equities, pooled funds, money market securities, bonds and real estate.

a) **Interest Rate Risk**

Interest rate risk refers to the adverse consequences of interest rate changes on the Plan's cash flows, financial position and income. This risk arises from differences in the timing and amount of cash flows related to the Plan's assets and liabilities.

The value of the Plan's assets is affected by short-term changes in nominal interest rates and equity markets.

b) **Credit Risk**

Credit risk arises from the potential for issuers of securities to default on their contractual obligations to the Plan. The Plan limits the credit risk by dealing with issuers that are considered to be high quality. The credit ratings used to describe the securities below are based on the Dominion Bond Rating Service and/or the Standard and Poor's Ratings Service.

Teachers' Superannuation Fund

The Teachers Superannuation and Disability Benefits Act and the Plan's investment policy require that all the Plan's investments comply with the provisions of *The Pension Benefits Act, 1992. The Pension Benefits Act, 1992* does not allow any one holding to represent more than 10% of the book value of the Plan's portfolio.

Short-term Investments

These investments are comprised of T- Bills, notes and commercial paper with effective interest rates of 4.25% to 5.84% (2000 - 5.13% to 6.28%) and a weighted average term to maturity of 83 days (2000 - 151 days). Interest is receivable at maturity.

Bonds and Debentures

The Plan's investment policy limits its investment concentration in any one investee or related group to no more than 10% of that corporations book value of outstanding bonds. Bonds must meet a minimum quality standard of BBB rating as measured by a recognized credit rating service or be specifically approved by the Commission.

For the Superannuation Fund, the Plan invests in bonds that are considered to be high quality as described below.

		2001			2000		
	Years to Maturity	Market Value (000's)	Weighted Average Yield (%)	Weighted Average Coupon Rate (%)	Market Value (000's)	Weighted Average Yield (%)	Weighted Average Coupon Rate (%)
Federal Bonds							
Government of Canada	1-5	$ 134,791	5.05	5.23	$ 76,547	6.02	5.24
	6-10	105,965	5.81	6.75	290,290	5.73	5.59
	11-15	26,840	6.05	11.25	85,113	5.87	6.00
	20+	63,036	5.70	6.86	131,385	5.54	5.75
Provincial and Provincially Guaranteed Bonds							
Other Provinces	1-5	49,974	5.73	6.11	67,476	5.80	7.08
	6-10	54,862	6.08	6.93	61,329	6.25	6.61
	11-15	9,197	6.59	7.33	6,490	6.33	7.85
	16-20	11,104	6.58	5.80	11,578	6.46	6.00
	20+	23,370	6.63	6.34	36,806	6.29	6.40
Saskatchewan	1-5	4,256	5.90	6.00	–	–	–
	6-10	8,849	6.15	5.50	8,267	6.28	5.50
	20+	2,716	6.56	5.75	2,710	6.32	5.75
Municipal	1-5	17	4.83	8.13	24	6.17	8.13
Corporate Bonds	1-5	93,270	6.06	6.35	69,608	6.48	6.10
	6-10	75,024	6.75	6.84	31,988	6.96	6.74
	11-15	2,457	7.32	6.75	13,496	6.67	6.76
	20+	6,200	7.26	6.78	12,517	6.89	6.50
Total		$ 671,928			$ 905,624		

Actual maturity may differ from contractual maturity because certain borrowers have the right to call or prepay certain obligations with or without call or prepayment penalties.

Equities	2001	2000
	(market values) (000's)	
Common shares - Canadian	$ 531,511	$ 666,602
- Foreign	318,464	191,346
Private Equity	45	45
	$ 850,020	$ 857,993

The Plan's investment policy limits any holding to represent no more than 10% of the outstanding shares of the issuing corporation. Foreign equities and pooled funds are denominated in Canadian dollars and are limited to 30% of the cost of the portfolio. The Superannuation Fund's equities include common shares that have no fixed maturity date and are generally not exposed to interest rate risk. Dividends are generally declared on a quarterly basis. The average effective dividend rate during the year was 3.17% (2000 - 2.83%).

Pooled Funds

The Superannuation Fund holds units in pooled funds which have no fixed interest rate and its returns are based on the success of the manager.

The Teachers' Superannuation Fund unit holdings are:

	Units Held		% of Total Units Outstanding		Market Value		Investment Income and Change in Market Value	
	2001	2000	2001	2000	2001	2000	2001	2000
	(000's)				($000's)		($000's)	
Greystone Emerging Market Fund	3,323	1,849	33.41	21.94	$ 27,375	$ 19,834	$ (3,959)	$ 3,891
Greystone Non North American Fund	15,365	6,561	20.68	13.31	154,513	105,894	(38,581)	21,245
					$ 181,888	$ 125,728	$ (42,540)	$ 25,136

Mortgages

Investment in mortgages consist of Canadian properties. The net yield at the time of commitment is expected to exceed the yield on "A" rated bonds of similar terms by a minimum of 1.5% after administration fees. Principal and interest are received on a monthly basis.

Real Estate

Investments in real estate consist of Canadian property and are subject to approval by the Commission before each acquisition. Included in real estate are investments in related real estate corporations (see Note 6 c).

Voluntary Contributions Fund

Pooled Funds

The Voluntary Contributions Fund holds units in pooled funds which have no fixed interest rate and its returns are based on the success of the manager.

The Voluntary Contributions Fund unit holdings are:

	Units Held		% of Total Units Outstanding		Market Value		Investment Income and Change in Market Value	
	2001	2000	2001	2000	2001	2000	2001	2000
	(000's)				($000's)		($000's)	
Greystone Canadian Fixed Income Fund	148	156	1.38	2.49	$ 1,454	$ 1,534	$ 97	$ 74
Greystone Canadian Equity Fund	58	48	0.84	1.95	1,031	930	10	282
Greystone Capital Non North American Fund	13	9	0.02	0.02	132	138	(37)	38
Greystone US Equities Pooled Fund	14	11	0.32	0.54	186	149	(11)	(7)
Greystone Money Market Fund	31	–	1.65	–	309	–	2	–
					$ 3,112	$ 2,751	$ 61	$ 387

4. Teachers' Superannuation Fund - Determination of Investment Earnings for Administrative Purposes

The Commission determines investment earnings of the Superannuation Fund in order to establish what interest must be credited to teachers, and what interest teachers must pay when purchasing past service. The Commission has determined that only 25% of the current period change in market values of investments (includes both realized and unrealized gains and losses) will be recognized as part of investment earnings. The remaining 75% will be recognized equally over the following three years as part of investment earnings. Interest and dividend income less investment expenses are fully allocated for the current year.

5. Voluntary Contributions Fund - Earnings Allocation to Members

The Commission allocates all realized and unrealized gains/losses at year-end. During the year, the Commission allocated investment earnings of $65,226 to teacher accounts (2000 - $392,883).

6. Related Party Transactions

These financial statements include transactions with related parties. The Plan is related to all Saskatchewan Crown agencies such as departments, corporations, boards and commissions under the common control of the Government of Saskatchewan. Also the Commission is related to non-Crown enterprises that the Government jointly controls or significantly influences.

a) Administration

In accordance with *The Teachers Superannuation and Disability Benefits Act* (Act), all expenses of the administration of the Act are paid out of monies appropriated from the General Revenue Fund to the Department of Education by the Legislature. Accordingly, no provision for these costs is included in these financial statements.

Expenses related to managing, investing or disposing of assets of the Teachers' Superannuation Fund and the Voluntary Contributions Fund are to be paid out of both Funds. The annual expenses for custodial fees and investment management fees are paid to Royal Trust and Greystone Capital Management Inc. respectively.

	2001			2000		
	Superannuation Fund ($000)	Voluntary Contributions Fund ($000)	Total ($000)	Superannuation Fund ($000)	Voluntary Contributions Fund ($000)	Total ($000)
Custodial fees	$ 341	$ 8	$ 349	$ 132	$ 7	$ 139
Investment fees	2,042	3	2,045	2,041	3	2,044
	$ 2,383	$ 11	$ 2,394	$ 2,173	$ 10	$ 2,183

b) Investment Management Services

Greystone Capital Management Inc. (GCMI) provides investment management services to the Teachers' Superannuation Fund and the Voluntary Contributions Fund on a fee-for-service basis. The Superannuation Fund is a shareholder in GCMI. The Superannuation Fund holds 223,811 common shares (2000 – 223,811 common shares), 14.5% of the total shares outstanding in GCMI (2000 – 14.5%).

c) Investment Holdings

Teachers' Superannuation Fund

Included in the totals for bonds and debentures and income are Province of Saskatchewan holdings of $15,820,532 (2000 - $10,977,459) and income including change in market value totalling $866,165 (2000 - $280,550).

Included in the total real estate investment at year end are SaskPen Properties Ltd., SP Two Properties Ltd. and SaskMet Properties Ltd. holdings totalling $4,219,873 (2000 - $4,183,328). Also income of $436,912 (2000 - income of $174,996) on these properties is included in change in market value of investments. These are real estate corporations owned by Government of Saskatchewan managed public sector pension plans.

Other transactions with related parties and the terms of settlement are described separately in the financial statements and the notes thereto.

7. Actuarial Valuation - Pension Benefits

The present value of accrued pension benefits was determined using the projected benefit method prorated on services and the best estimate assumptions of the Teachers' Superannuation Commission. An actuarial valuation of the Teachers' Superannuation Fund was prepared by William M. Mercer Limited as at June 30, 1999, and an extrapolation was made to June 30, 2000 and June 30, 2001.

The pension liability is based on a number of assumptions about future events including interest, rate of salary increase, inflation, mortality, retirement rates and termination rates. The actual rates may vary significantly from the long-term assumptions used.

The assumptions used in determining the actuarial value of accrued pension benefits were:

- inflation at 2.0% for 2001, and 3.25% thereafter.
- salary increases at 2.5% for 2001, and 3.75% thereafter.
- interest rate at 7.0% for 2001 and 7.25% thereafter.

The following illustrates the effect of changing certain assumptions from the assumed rates of salary 3.75%, interest 7.25% and inflation 3.25%. For the salary and interest rate categories, the changes in assumption are independent of one another. The inflation category, however, is affected by other assumptions that have an interest component. In the scenario of the 1% reduction in inflation, the assumptions for the interest rate, salary increase, YPME and Canada Customs and Revenue Agency pension maximum are also reduced by 1%.

	Long-term Assumptions					
	Salary		Interest Rates		Inflation	
Effect on Liability	2.75%	4.75%	6.25%	8.25%	2.25%	4.25%
(Decrease) increase (in 000's)	$(33,416)	$36,843	$393,804	$(378,441)	$97,693	$(90,531)

8. Investment Performance

The following is a summary of the Plan's investment performance:

	2001	Rolling Four Year Average Annual Return
Teachers' Superannuation Fund (a)	0.7%	10.3%
Target Rate of Return (b)	(6.75)%	8.36%
Voluntary Contributions Fund (a)	2.4%	9.2%
Target Rate of Return (b)	(4.41)%	7.7%

(a) The annual returns are before deducting investment expenses.
(b) The Commission's target rate of return for its investment portfolio (return on the benchmark portfolio plus 10%) has been determined, after the fact, using the actual returns of the market indexes outlined above.

9. Due From General Revenue Fund

The Teachers' Superannuation Fund and the Voluntary Contributions Fund bank accounts are included in the Consolidated Offset Bank Concentration (COBC) arrangement for the Government of Saskatchewan. Under this arrangement, interest is calculated on the net position of all COBC accounts and is paid by the bank into the General Revenue Fund.

The Funds' share of this interest is allocated and paid by the General Revenue Fund on a quarterly basis into the Funds' bank accounts using the Government's thirty-day borrowing rate. The Government's average thirty day borrowing rate in 2000-2001 was 5.39% (1999-2000 - 4.99%).

10. Disability Benefits

The annual amount of disability benefits is determined by applying the regular allowance formula and is payable to a teacher who:

a) is disabled because of total physical or mental incapacity for teaching; and
b) has 10 years of service; and
c) has at least three years of service in the five years preceding disablement; and
d) has not attained age 65.

Payments may be discontinued or reduced on recovery or re-employment. The allowance is recalculated at age 65 to include service while on the Saskatchewan Teachers' Federation Income Continuance Plan.

Subsection 38(2) of *The Teachers Superannuation and Disability Benefits Act* states the disability benefits are a charge on and payable out of the General Revenue Fund. The $10,127,809 (2000 - $8,924,437) in disability benefits flowed through the Teachers' Superannuation Fund for administrative purposes only and is not reflected in these financial statements. The Department of Education provided contributions equal to the disability benefits.

Disability Benefits - Actuarial Valuation

The present value of accrued disability benefits was determined using the projected benefit method prorated on services and the best estimate assumptions approved by the Teachers' Superannuation Commission. An actuarial valuation of the Teachers' Superannuation Fund was prepared by William M. Mercer Limited as at June 30, 1999, and an extrapolation was made to June 30, 2000 and June 30, 2001.

The actuarial present value of benefits as at June 30 and the principle components of change in actuarial present values during the year were as follows:

	2001 (000's)	2000 (000's)
Actuarial present value of accrued disability benefits at beginning of year	$ 70,000	$ 66,000
Interest accrued on benefits	5,000	5,000
Experience gains	–	6,000
Benefits accrued	1,000	1,000
Benefits paid	(10,000)	(9,000)
Change in valuation assumptions	–	1,000
Actuarial present value of accrued disability benefits, end of year	66,000	70,000
Net assets available for benefits	–	–
Unfunded liability	$ 66,000	$ 70,000

The disability liability is based on a number of assumptions about future events, including interest, rate of salary increase, inflation, mortality, retirement rates and termination rates. The actual rates may vary significantly from the long-term assumptions used.

The assumptions used in determining the actuarial value of accrued disability benefits were the same as for determining the accrued pension benefits (see Note 7).

The following illustrates the effect of changing certain assumptions from the assumed rates of salary 3.75%, interest 7.25% and inflation 3.25%.

	Long-term Assumptions					
Effect on Liability	Salary		Interest Rates		Inflation	
	2.75%	4.75%	6.25%	8.25%	2.25%	4.25%
(Decrease) increase (in 000's)	$ (351)	$ 397	$ 4,273	$ (4,505)	$ 1,444	$ (1,356)

The disability liability is long-term in nature. There is no intention of settling the disability obligation in the near term and there is no market for settling its disability obligations. Therefore, determination of the fair value for the disability liability is not practical.

11. Cash Flow Forecast

The total cash inflow is the amount of contributions and investment income and proceeds from the sale of investments expected to be received by the pension plan. The Department of Education (Department) contributions include matching contributions and additional amounts contributed pursuant to subsection 9(4) of *The Teachers Superannuation and Disability Benefits Act*. The total cash outflow is the amount required to pay all pension obligations. The forecast of cash inflows and outflows have been determined using the long-term assumptions outlined in Note 7. All amounts shown are based on actual dollar forecasts.

The cash required is the amount by which the cash outflows exceed cash inflows and is forecast to the year 2031:

Year	Cash Inflows Investment Income (000's)	Cash Inflows Teachers Contributions (000's)	Cash Inflows Department Contributions (000's)	Cash Outflows (000's)	Cash Required/ (Surplus) (000's)
2001-2002	$ 162,575	$ 16,602	$ 52,086	$ 208,032	$ (23,231)
2002-2003	176,706	15,435	52,996	216,567	(28,570)
2003-2004	139,401	14,339	53,273	226,390	19,377
2004-2005	138,550	13,157	45,315	237,201	40,179
2005-2006	136,741	11,843	50,841	247,727	48,302
Total within 5 years	$ 753,973	$ 71,376	$ 254,511	$ 1,135,917	$ 56,057
Total 6 - 10 years	$ 607,984	$ 38,245	$ 259,431	$ 1,399,031	$ 493,371
Total 11 - 30 years	$ 630,236	$ 12,081	$ 4,355,979	$ 6,306,367	$ 1,308,071

12. Fair Value

The following methods and assumptions were used to estimate the fair value of each class of financial assets and financial liabilities:
For the following financial instruments including:

a) Due from General Revenue Fund
b) Accrued investment income
c) Contributions receivable
d) Accounts payable
e) Bank overdraft

the cost approximates the fair value due to their immediate or short-term maturity.

The fair values of investments are considered to be market value, the calculation of which is detailed in note 2.

The pension liability is long-term in nature. The Plan has no intention of settling its pension obligations in the near term and there is no market for settling the pension obligations. Therefore, determination of the fair value for the pension liability is not practical.

AUDITORS' REPORT

To the Members of the Legislative Assembly of Saskatchewan
Province of Saskatchewan

We have audited the statement of net assets available for benefits, accrued pension benefits and surplus of the Workers' Compensation Board Superannuation Plan as at December 31, 2001 and the statements of changes in net assets available for benefits and changes in accrued pension benefits for the year then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the net assets available for benefits, accrued pension benefits and surplus of the Workers' Compensation Board Superannuation Plan as at December 31, 2001 and the changes in net assets available and accrued pension benefits for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP.

Chartered Accountants

Regina, Canada
March 14, 2002

WORKERS' COMPENSATION BOARD SUPERANNUATION PLAN STATEMENT 1

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS, ACCRUED PENSION BENEFITS AND SURPLUS

DECEMBER 31, 2001 with comparative figures for 2000

	2001	2000
ASSETS		
Investments		
Short-term investments	$ 1,749,053	$ 2,080,491
Bonds and debentures	13,856,956	14,192,931
Equities	7,965,139	10,994,508
Pooled funds	7,276,914	4,175,603
	30,848,062	31,443,533
Receivables		
Employees' contributions	10,973	18,853
Accrued investment income	192,896	229,169
Other	127	341
	203,996	248,363
Due from General Revenue Fund (Note 4)	9,771	20,013
Cash	21,661	7,899
Total assets	31,083,490	31,719,808
LIABILITIES		
Administration expenses payable	14,871	12,868
Other payables	8,534	-
Total liabilities	23,405	12,868
NET ASSETS AVAILABLE FOR BENEFITS (Statement 2)	31,060,085	31,706,940
Actuarial accrued pension benefits (Statement 3)	22,489,000	21,411,000
Surplus	$ 8,571,085	$10,295,940

(See accompanying notes to the financial statements)

On behalf of the Board:

Chairman

Board Member

Board Member

WORKERS' COMPENSATION BOARD SUPERANNUATION PLAN STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

STATEMENT 2

FOR THE YEAR ENDED DECEMBER 31, 2001 with comparative figures for 2000

	2001	2000
INCREASE IN ASSETS		
Investment income		
Interest	$ 896,436	$ 945,307
Dividends – equities	133,622	152,799
Dividends – pooled funds	91,654	364,526
Other	1,653	1,801
	1,123,365	1,464,433
Current year change in market values of investments	-	1,667,281
Contributions		
Employee	147,654	152,564
Total increase in assets	1,271,019	3,284,278
DECREASE IN ASSETS		
Administration expenses (Note 9)	97,051	128,846
Superannuation allowances	903,716	904,869
Current year change in market values of investments	917,107	-
Total decrease in assets	1,917,874	1,033,715
(Decrease)/increase in net assets available for benefits	(646,855)	2,250,563
NET ASSETS AVAILABLE FOR BENEFITS, beginning of year	31,706,940	29,456,377
NET ASSETS AVAILABLE FOR BENEFITS, end of year (Statement 1)	$31,060,085	$31,706,940

(See accompanying notes to the financial statements)

WORKERS' COMPENSATION BOARD SUPERANNUATION PLAN
STATEMENT OF CHANGES IN ACCRUED PENSION BENEFITS

STATEMENT 3

FOR THE YEAR ENDED DECEMBER 31, 2001 with comparative figures for 2000

	2001 (Note 6)	2000
ACCRUED PENSION BENEFITS, beginning of year	$21,411,000	$21,800,000
INCREASE IN ACCRUED PENSION BENEFITS		
Interest accrued on benefits	1,451,000	1,391,000
Benefits accrued	434,000	400,000
Change in assumptions	97,000	(1,275,000)
	1,982,000	516,000
DECREASE IN ACCRUED PENSION BENEFITS		
Benefits paid	904,000	905,000
ACCRUED PENSION BENEFITS, end of year (Statement 1)	$22,489,000	$21,411,000

(See accompanying notes to the financial statements)

WORKERS' COMPENSATION BOARD SUPERANNUATION PLAN
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2001

1. Description of the Plan

a) General

The Workers' Compensation Board Superannuation Plan (the Plan) was established under *The Workers' Compensation Board Superannuation Act*. Membership is comprised of employees and board members who were enrolled on October 1, 1977 and who did not elect to transfer to the Public Employees Pension Plan prior to October 1, 1978.

b) Administration

The Workers' Compensation Superannuation Board administers the Plan. Day-to-day administration is provided by the Public Employees Benefits Agency.

c) Superannuation Plan

The Plan was established to accumulate contributions paid by employees and the employer, as well as any investment income.

Pensions and refunds of contributions together with interest are paid out of the Plan.

d) Funding Policy

Members contribute at the rate of 7%, 8% or 9% of salary depending on their age at the date of the commencement with the Plan.

The contributions required to be paid by the employer are calculated by applying a predetermined rate to the members' contributions.

e) Retirement

Normal retirement is at age 65. Members who retire may receive benefit payments earlier under the following conditions:

- at any age after 35 years of service,
- at age 60 with at least 20 years of service,
- at age 60 with between 15 years and 20 years of service with a reduced pension,
- at age 55 with at least 30 years of service with a reduced pension.

f) Pension

The annual pension payable to a member is 2% of the average salary received by the member during the five years of highest salary, multiplied by the total number of years of service. The maximum number of years of service is 35 years.

At age 65, the member's pension is reduced, due to integration with the Canada Pension Plan, by an amount equal to 0.7% of the member's average salary up to the average pensionable earnings prescribed by the Canada Pension Plan in the last 3 years before retirement, multiplied by the number of years of service of the member since January 1, 1966.

2. Significant Accounting Policies

The financial statements are prepared in accordance with Canadian generally accepted accounting principles. The following accounting policies are considered significant.

Investments

i) Investments in bonds and equities are recorded at market values which are determined by reference to closing year end sale prices from recognized security dealers or, in the absence of recorded sales, by reference to closing year end bid and ask prices.

ii) Pooled funds are valued based on the net asset value per unit of the underlying assets on the last valuation date.

iii) Short-term investments are recorded at market value.

Current Year Change in Market Value of Investments

i) The change in market value reflects the current year's realized and unrealized gains and losses on investments.

Investment Transactions and Income

i) Investment transactions are recorded on the trade date. Transactions conducted in foreign currencies are translated into Canadian dollars using the exchange rate in effect at the transaction date. Dividend income is recognized on the record date. Interest income is recorded as earned.

3. Investments

The investment objectives of the Plan are to ensure the Plan has sufficient assets to meet future pension obligations and to generate sufficient cash flow to meet pension payments. Due to the long-term horizon of the Plan's liabilities, the Plan takes a long-term investment perspective. The strategy employed to achieve these objectives is to invest cash flows from contributions, maturing debentures, and investment returns into assets such as Canadian equities, pooled funds, money market securities, and bonds.

a) Interest Rate Risk

Interest rate risk refers to the adverse consequences of interest rate changes on the Plan's cash flows, financial position and income. This risk arises from differences in the timing and amount of cash flows related to the Plan's assets and liabilities.

The value of the Plan's assets is affected by short-term changes in nominal interest rates and equity markets.

b) Credit Risk

Credit risk arises from the potential for an investee to fail or for an issuer to default on its contractual obligations to the Plan. The Plan limits the credit risk by dealing with issuers that are considered to be high quality. The credit ratings used to describe the securities below are based on the Dominion Bond Rating Service and/or Standard and Poor's Ratings Service.

Short-Term Investments

Short-term investments are comprised of T-Bills, notes and commercial paper with effective interest rates of 2.0% to 2.3% (2000 - 5.5% to 6.3%) and an average remaining term to maturity of 90 (2000 - 95) days. The Plan's investment policy states that investments must meet a minimum investment standard of "R-1" rating, as rated by a recognized credit rating service. Other than Government of Canada no single issuer represents more than 20.0% of the market value (2000 - 14.7%) of the short-term investment portfolio.

Bonds

The Plan's investment policy states that bonds must meet a minimum quality standard of BBB as rated by a recognized credit rating service. No more than 15% of the bond portfolio may be invested in BBB rated bonds. As at December 31, 2001, the Plan held 4.8% (2000 - 4.0%) of its portfolio in BBB bonds.

2001

Years to Maturity	Federal	Provincial	Corporate	Total Market Value	Yield to Maturity at Market	Coupon Rate
Under 5	$3,050,138	$1,384,267	$1,469,168	$ 5,903,573	4.2-7.7%	4.8-8.8%
5 – 10	1,689,685	1,026,500	1,129,841	3,846,026	4.6-7.9%	4.5-9.0%
Over 10	2,490,418	915,229	701,710	4,107,357	5.3-7.9%	5.3-11.3%
Market Value	$7,230,241	$3,325,996	$3,300,719	$13,856,956		

2000

Years to Maturity	Federal	Provincial	Corporate	Total Market Value	Yield to Maturity at Market	Coupon Rate
Under 5	$4,546,585	$ 693,356	$1,247,283	$ 6,487,224	5.1-8.4%	4.9-8.8%
5 – 10	454,447	1,644,552	865,330	2,964,329	5.3-8.2%	5.3-10.8%
Over 10	3,215,138	1,008,056	518,184	4,741,378	3.6-8.3%	6.5-11.3%
Market Value	$8,216,170	$3,345,964	$2,630,797	$14,192,931		

Actual maturity may differ from contractual maturity because certain borrowers have the right to call or prepay certain obligations with or without call or prepayment penalties.

Equities

Equities have no fixed maturity dates and are generally not exposed to interest rate risk. Dividends are generally declared on an annual basis. The average effective dividend rate is 1.41% (2000 – 1.52%).

The Plan's investment policy allows no one holding to represent more than 10% of the market value of the related portfolio and no one holding to represent more than 10% of the common stock in any corporation.

Pooled Funds

The Plan limits its investments in pooled equity funds to 10% of the market value of each fund. Foreign equities including foreign pooled funds are limited to 30% of the cost of the investment portfolio and are denominated in Canadian dollars. The Plan owns units in pooled equity funds which have no fixed interest rate and whose return is based on the success of the fund manager. The Plan's pooled funds are managed by Greystone Managed Investments Inc. and are comprised of the Greystone U.S. Equity Fund and Greystone Non-North American Fund.

4. Due from General Revenue Fund

The Plan's bank account is included in the Consolidated Offset Bank Concentration arrangement for the Government of Saskatchewan.

The Plan's earned interest is calculated and paid by the General Revenue Fund on a quarterly basis into the Plan's bank account using the Government's thirty day borrowing rate and the Plan's average daily bank account balance. The Government's average thirty day borrowing rate in 2001 was 4.26% (2000 – 5.50%).

5. Employer Contributions

The Workers' Compensation Board declared a holiday on employer contributions as the Plan has an actuarial surplus.

6. Obligations for Pension Benefits

The accrued benefit obligation is determined using the projected benefit method pro-rated on service and management's best estimate assumptions approved by the Workers' Compensation Superannuation Board of expected plan investment performance, salary escalation and retirement ages of employees. The most recent actuarial valuation was made as at December 31, 1999 by William M. Mercer Limited, and extrapolated to December 31, 2000 and December 31, 2001.

The assumptions used in determining the actuarial value of accrued pension benefits were:

	2001	2000
Discount rate	6.65%	6.78%
Expected long-term rate of return on plan assets	7.25%	7.25%
Salary escalation rate	3.75%-5.25%	3.75%-5.25%
Inflation rate	3.00%	3.25%

The accrued benefit obligation at December 31, 2001 is $22,489,000 (2000 - $21,411,000). It is based on a number of assumptions about future events including: discount rate, expected long-term rate of return on plan assets, rate of salary increase, mortality, retirement rates and inflation. The actual rates may vary significantly from the long-term assumptions used.

The accrued benefit obligation contains a provision for ad hoc increases as they are subject to approval by Order-in-Council. The ad hoc assumption is 50% of CPI based on previous year's experience. The Lieutenant Governor in Council may provide for supplementary allowances to be paid to superannuates in any year, in any amount and subject to any terms and conditions she considers advisable.

The following illustrates the effect of changing certain assumptions:

a) Long-term inflation was assumed to be 3.00%. If it were assumed to be

- 4.00%, the liabilities would decrease by approximately 5.5%.
- 2.00%, the liabilities would increase by approximately 5.3%.

b) Ad hoc increases were assumed to be 50% of CPI. If it were assumed to be

- 60% of CPI, the liabilities would increase by 2.7%.
- 40% of CPI, the liabilities would decrease by 2.7%.

Inflation related rates will change whenever inflation does.

If there are insufficient moneys in the Plan to pay pension benefits, the Workers' Compensation Board is obligated to pay any such deficiency to the Plan.

7. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies, boards and commissions related to the Plan by virtue of common influence by the Government of Saskatchewan.

Certain administration expenses are paid by the Plan to the Public Employees Benefits Agency Revolving Fund based upon agreed exchange amounts.

8. Investment Performance

The investment manager makes day-to-day decisions on whether to buy or sell investments in order to achieve the long-term performance objectives set by the Board. The Board reviews the investment performance of the plan in terms of the performance of the benchmark portfolio over 4 year rolling periods. The primary long-term investment performance objective for the entire portfolio is to outperform a benchmark portfolio.

The following is a summary of the Plan's investment performance:

	2001	Rolling Four Year Average Annual Return
Plan's actual rate of return (a)	0.4%	7.7%
Target rate of return (b)	-2.2%	6.4%

(a) The annual returns are before deducting investment expenses.

(b) The Plan's target rate of return for its investment portfolio (return on the benchmark portfolio) has been determined using the actual returns of the market indexes such as the Toronto Stock Exchange 300 Index, Morgan & Stanley Canadian Index-World and the Scotia Capital Markets Universe Bond Index.

9. Administration Expenses

	2001		2000
	Budget	Actual	Actual
Administration - PEBA Revolving Fund	$36,694	$33,187	$ 63,815
Custodian fees - Royal Trust	-	21,028	24,223
Investment management fees - Greystone	-	42,836	40,808
	$36,694	$97,051	$128,846

10. Fair Value of Financial Assets and Financial Liabilities

The pension liability is long term in nature. The Plan has no intention of settling its pension obligation in the near term and there is no market for settling its pension obligation. Therefore, determination of the fair value of the pension liability is not practical.

The following method and assumptions were used to estimate the fair value of each class of financial assets and financial liabilities:

Fair values of investments are considered to be market values (Note 2).

For the following financial instruments the carrying amounts approximate fair value due to the immediate or short-term nature of these financial assets and financial liabilities.

a) employees' contributions receivable
b) other receivables
c) due from General Revenue Fund
d) accounts payable

Financial Statements Compendium 2001-02

Part B

MULTIS E GENTIBUS VIRES

Saskatchewan

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GUIDE TO THE COMPENDIUM

This Compendium is comprised of the financial statements of various government boards, agencies, commissions, superannuation funds, special purpose funds and institutions as well as those Crown corporations which are accountable to the Treasury Board.

The financial statements are for fiscal periods ending within the Government's fiscal year April 1, 2001 to March 31, 2002.

While many of these entities are required to table their financial statements in the Legislative Assembly as separate reports, this Compendium serves to provide ease of public access to their financial statements.

Financial statements for Crown corporations that are accountable to the Crown Investments Corporation appear in a separate compendium of annual reports compiled by the Crown Investments Corporation.

The Compendium consists of two parts:

Part A - Educational Institutions
Crown Corporations
Trust Funds
Pension and Benefit Plans

Part B - Other Entities
Health Care
Revolving Funds
Agricultural Entities

Each Part includes a complete table of contents for the whole Compendium, as well as a complete alphabetical listing, with page number reference, in an index.

Internet Address

The Compendium of Financial Statements is on the Internet at http://www.gov.sk.ca/finance

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AUDITOR'S REPORT

To the Directors of
Clarence Campeau Development Fund

We have audited the statement of assets, liabilities and fund surplus of the Clarence Campeau Development Fund as at December 31, 2001 and the statements of revenue, expenditures and fund surplus and of cash flows for the year then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit includes the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte + Touche LLP

Chartered Accountants
March 5, 2002

CLARENCE CAMPEAU DEVELOPMENT FUND (Operating as the Metis Development Fund)

STATEMENT OF ASSETS, LIABILITIES AND FUND SURPLUS

As at December 31, 2001

	2001	*2000*
ASSETS		
Current		
Cash	**$ 1,817,979**	$ 1,053,378
Short-term investments *[note 3]*	**4,266,593**	4,072,388
Accounts receivable	**2,721**	-
Interest receivable	**40,749**	49,518
Current portion of contributions receivable *[notes 4 & 6]*	**496,057**	389,225
	6,624,099	5,564,509
Contributions receivable *[notes 4 & 6]*	**1,442,462**	1,384,811
Capital Assets *[note 5]*	**13,112**	6,320
	$ 8,079,673	$ 6,955,640
LIABILITIES AND FUND SURPLUS		
Current liabilities		
Accounts payable *[note 6]*	**$ 8,200**	$ 4,200
Contributions payable *[note 6]*	**103,500**	345,500
	111,700	349,700
Fund surplus	**7,967,973**	6,605,940
	$ 8,079,673	$ 6,955,640

See accompanying notes

APPROVED BY THE BOARD:

.... *Director*

.... *Director*

CLARENCE CAMPEAU DEVELOPMENT FUND (Operating as the Metis Development Fund)

STATEMENT OF REVENUE, EXPENDITURES AND FUND SURPLUS

As at December 31, 2001

	2001	*2000*
Revenues	**$ 2,002,483**	$3,144,592
Interest and investment income *[note 6]*	**256,790**	237,747
	2,259,273	3,382,339
Operating expenditures		
Advertising and promotion	**38,873**	30,376
Amortization of capital assets	**4,016**	3,980
Bank charges	**741**	599
Consulting fees	**5,448**	5,350
Directors' expenses	**39,481**	34,171
Office expenses *[note 6]*	**30,542**	12,489
Professional fees	**13,763**	8,963
Rent *[note 6]*	**6,612**	5,220
Salaries and benefits	**151,727**	102,678
Telephone	**5,380**	4,076
Training	**161**	911
	296,744	208,813
	1,962,529	3,173,526
Other expenditures		
Grants to community projects *[note 6]*	**469,475**	596,359
Defaulted contributions receivable	**112,731**	12,231
Provision for contributions receivable losses	**18,290**	197,100
	600,496	805,690
Excess of revenue over expenditures	**1,362,033**	2,367,836
Fund surplus, beginning of year	**6,605,940**	4,238,104
Fund surplus, end of year	**$ 7,967,973**	$ 6,605,940

See accompanying notes

Budget is available upon request

CLARENCE CAMPEAU DEVELOPMENT FUND (Operating as the Metis Development Fund)

STATEMENT OF CASH FLOWS

As at December 31, 2001

	2001	*2000*
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenue over expenditures	**$ 1,362,033**	$2,367,836
Items not affecting cash		
Amortization	**4,016**	3,980
Defaulted contributions receivable	**112,731**	12,231
Provision for contributions receivable losses	**18,290**	197,100
Net change in non-cash working capital items relating to operations *[note 8]*	**(231,952)**	164,068
	1,265,118	2,745,215
CASH FLOWS USED IN INVESTING ACTIVITIES		
Advances for contribution payments	**(295,504)**	(972,481)
Purchase of capital assets	**(10,808)**	(3,378)
	(306,312)	(975,859)
INCREASE IN CASH DURING THE YEAR	**958,806**	1,769,356
CASH POSITION, BEGINNING OF YEAR	**5,125,766**	3,356,410
CASH POSITION, END OF YEAR	**$ 6,084,572**	$ 5,125, 766
Cash, for purpose of this statement of cash flows, consists of:		
Cash	**1,817,979**	1,053,378
Short-term investments	**4,266,593**	4,072,388
	$ 6,084,572	$ 5,125,766

See accompanying notes

CLARENCE CAMPEAU DEVELOPMENT FUND Operating as the Metis Development Fund

NOTES TO FINANCIAL STATEMENTS

December 31, 2001

1. NATURE OF THE FUND

Clarence Campeau Development Fund ("the Fund") was established by The Métis Society of Saskatchewan Inc. ("Métis Nation") pursuant to an agreement with the Government of Saskatchewan (Economic & Co-operative Development) dated June 11, 1997 and is governed in accordance with that agreement. Effective November 9, 2001 the Minister of Aboriginal Affairs designated the Fund as the Métis Development Fund pursuant to the Saskatchewan Gaming Corporation Act.

The objective of the Fund is to stimulate economic development activities of Métis people and communities by providing equity for Métis businesses, supporting community economic development initiatives and developing management skills of new and existing Métis business owners and entrepreneurs. To achieve this, the Fund makes repayable contributions to qualifying projects and non-repayable grants to community projects. The term of the repayable contributions by the Fund is up to five years with contributions targeted to commercially viable, market based projects, primarily in value-added sectors of the economy such as forestry, mining, tourism and information technology with specific contribution criteria to be approved by the Board. The Board may enter into agreements with other contributing entities and appropriate business support agencies. Each single project is subject to a maximum of the lesser of 10% of the annual allocation of the fund or $100,000.

The Fund derives its revenue pursuant to the agreement with the Government of Saskatchewan. In 2001 non-repayable grants consisted of $1,500,000 from Saskatchewan Intergovernmental and Aboriginal Affairs and $500,000 from the Associated Entities Fund (now referred to as the Community Initiatives Fund). Starting in 2002 non-repayable grants of $2,000,000 will be received annually from Saskatchewan Intergovernmental and Aboriginal Affairs.

2. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

USE OF ESTIMATES

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses at year end. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand and balances with banks, and short-term investments in money market instruments and bankers acceptances.

Short term investments are recorded at the lower of cost or market value.

CAPITAL ASSETS AND AMORTIZATION

Capital assets are recorded at cost. Normal repair and maintenance costs are expensed as incurred. Amortization is recorded in the accounts on the diminishing balance basis as follows:

Office furniture	20%
Computer equipment	30%
Computer software	100%

REVENUE RECOGNITION

Revenue received or receivable pursuant to the agreement with the Government of Saskatchewan is recognized as revenue if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment and interest income is recognized as revenue when earned.

CONTRIBUTIONS PAYABLE

Contributions payable under $25,000 are considered payable to the recipient when the Fund Manager has approved the payment, contributions payable over $25,000 and less than $50,000 are payable to the recipient when the Audit and Finance Committee has approved the payment and contributions payable over $50,000 are considered payable when the Board has approved the payment.

3. SHORT-TERM INVESTMENTS

Short-term investments consist of money market funds and bankers acceptances. The market value of the short-term investments at December 31, 2001 is $4,313,144 (2000 - $4,118,470).

4. CONTRIBUTIONS RECEIVABLE

Contributions receivable are amounts distributed to qualified projects to provide funding. These amounts are interest free and repayable to the Fund over a maximum term of five years.

All contributions in arrears are handled on a case-by-case basis and are written-off after all reasonable restructuring/collection activities have taken place and the possibility of further recovery is considered to be remote.

A contribution is classified as non-performing when management has determined that there is a reasonable doubt as to the ultimate collectability of principal. The provision for defaulted contributions receivable consists of specific items established on a case-by-case basis and a general provision of 10% of the outstanding contributions receivable.

The Fund evaluates each client's creditworthiness on a case-by-case basis. The Fund shall contract project assessment and project follow up and evaluation services from other qualified institutions or businesses, where necessary. All applicants will be required to enter into a contractual agreement with the Fund. Further, the Fund is required to ensure Métis ancestry when granting an equity contribution.

Contributions receivable consist of the following:

	2001	*2000*
Contributions receivable	**$ 2,266,640**	$ 1,983,367
Less provision for doubtful contributions *-specific items*	**(112,731)**	(12,231)
-general provision	**(215,390)**	(197,100)
	1,938,519	1,774,036
Less current portion	**(496,057)**	(389,225)
Non-current contributions receivable	**$ 1,442,462**	$ 1,384,811

5. CAPITAL ASSETS

	2001			2000
	COST	**ACCUMULATED AMORTIZATION**	**NET BOOK VALUE**	NET BOOK VALUE
Office furniture	**$ 14,056**	**$ 4,680**	**$ 9,376**	$ 3,342
Computer equipment	**11,063**	**7,327**	**3,736**	2,978
Computer software	**2,623**	**2,623**	**-**	-
	$ 27,742	**$ 14,630**	**$ 13,112**	$ 6,320

6. RELATED PARTY TRANSACTIONS

Transactions with related parties are measured at the exchange amount of consideration established and agreed to by the related parties.

During the year, the Fund paid $163,200 (2000 - $225,296) to the Métis Nation in contribution for qualified projects. The Fund also paid $33,174 (2000 - $21,517) to the SaskNative Economic Development Corporation (SNEDCO), beneficially owned by the Métis Nation, for office rent and basic office expenses. The Fund also paid $50,000 (2000 - $0) to the Dumont Technical Institute in contributions for qualified projects. The Dumont Technical Institute is the educational arm of the Métis Nation.

As at December 31, 2001, the Fund has accounts payable to the Métis Nation of $2,500 and contributions payable to the Dumont Technical Institute of $50,000.

In 2000, the Fund approved a contribution to SNEDCO of $500,000 to be used to enhance SNEDCO's loan program. SNEDCO pays interest at a rate of 6% per year on a quarterly basis beginning June 1, 2000. The Fund earned interest revenue of $30,000 from this contribution in 2001 and has interest receivable of $0 at December 31, 2001 (2000 - $2,500). Principal is repayable in four quarterly installments of $125,000 beginning March 1, 2005. The investment is repayable upon demand within six months from the demand date.

The Board allows its members to apply for qualifying projects. During the year, the Board approved $0 (2000 - $17,000) in contributions for these projects. At December 31, 2001, outstanding contributions receivable from board members amount to $161,329 (2000 - $197,565).

7. COMPARATIVE FIGURES

The financial statements as at December 31, 2000 and for the year then ended were audited by other auditors who expressed an opinion without reservation on those statements in their report dated February 8, 2001.

8. NET CHANGE IN NON-CASH WORKING CAPITAL

Details of net changes in each element of non-cash working capital relating to operations are as follows:

	2001	2000
(Increase) decrease in current assets		
Accounts receivable	**$ (2,721)**	$ 5,562
Interest receivable	**8,769**	(33,944)
	6,048	(28,382)
Increase (decrease) in current liabilities		
Accounts payable	**$ 4,000**	$ 1,950
Contributions payable	**(242,000)**	190,500
	(238,000)	192,450
	$ (231,952)	$ 164,068

AUDITORS' REPORT

To: Members of the Legislative Assembly
Province of Saskatchewan

We have audited the statement of financial position of the **Community Initiatives Fund** as at March 31, 2002 and the statements of operations and net assets and cash flows for the year then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the **Community Initiatives Fund** as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The previous year's financial statements were audited by another firm of Chartered Accountants.

Virtus Group LLP
Chartered Accountants
Regina, Canada
May 10, 2002

Community Initiatives Fund

Statement of Financial Position

March 31, 2002 with comparative figures for 2001

	2002	2001
Assets		
Current assets:		
Cash	$ 15,827,054	$ 12,824,877
Receivable from General Revenue Fund	-	4,500,000
	$ 15,827,054	$ 17,324,877
Liabilities and Net Assets		
Current liabilities:		
Due to Metis Society of Saskatchewan Inc.	$ -	$ 500,000
Grants payable	2,573,626	5,486,727
	2,573,626	5,986,727
Net assets (note 3)	13,253,428	11,338,150
	$ 15,827,054	$ 17,324,877

See accompanying notes to financial statements.

On behalf of the Board of Trustees:

Lance Brown Chairman

Randy [illegible] Trustee

Community Initiatives Fund

Statement of Operations and Net Assets

Year ended March 31, 2002 with comparative figures for 2001

	2002	2001
Revenue:		
Interest	$ 471,546	$ 642,016
Proceeds from General Revenue Fund	6,247,863	9,637,500
	6,719,409	10,279,516
Expenses:		
Administration contract	100,000	100,000
Board Honorariums	5,530	-
Grants	4,698,601	8,228,471
Transferred to Metis Society of Saskatchewan Inc.	-	2,000,000
	4,804,131	10,328,471
Excess (deficiency) of revenue over expenses	1,915,278	(48,955)
Net assets, beginning of year	11,338,150	11,387,105
Net assets, end of year	$ 13,253,428	$ 11,338,150

Statement of Cash Flows

Year ended March 31, 2002 with comparative figures for 2001

	2002	2001
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses	$ 1,915,278	$ (48,955)
Net change in non-cash working capital items:		
Receivable from General Revenue Fund	4,500,000	(4,000,753)
Due to Metis Society of Saskatchewan Inc.	(500,000)	375,188
Grants payable	(2,913,101)	5,452,688
Increase in cash during the year	3,002,177	1,778,168
Cash, beginning of year	12,824,877	11,046,709
Cash, end of year	$ 15,827,054	$ 12,824,877

See accompanying notes to financial statements.

Community Initiatives Fund

Notes to Financial Statements
March 31, 2002

1. **Nature of operations:**

The Community Initiatives Fund (the "Fund"), previously known as the Associated Entities Fund, was established on August 23, 1996 by The Saskatchewan Gaming Corporation Act (Chapter S18.2 of the Statutes of Saskatchewan - Part IV). It is managed by a Board of Trustees consisting of six people appointed by the Lieutenant Governor in Council. The Board of Trustees is responsible for managing and operating the Fund.

Pursuant to the Saskatchewan Gaming Corporation Act, and other agreements, the Government of Saskatchewan receives, into the General Revenue Fund, certain gaming revenues. The Minister of Finance transfers a portion of these gaming revenues to the Fund. As directed by the Department of Culture, Youth and Recreation the Trustees of the fund grant these revenues to persons, organizations or associations in Saskatchewan prescribed by the Lieutenant Governor in Council upon application to the Board of Trustees.

The Fund has an agreement with Sask Sport Inc. to provide administrative services to the Fund. For this Sask Sport Inc. will be paid 5% of the revenue from the fund up to a maximum of $100,000.

2. **Significant accounting policies:**

Grants:

Grants are recognized when a completed grant application is received from an eligible organization and approved by the Board of Trustees.

Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates. Differences are reflected in current earnings when identified.

Community Initiatives Fund

Notes to Financial Statements

March 31, 2002

3. **Designated assets:**

Pursuant to directions given under the governing legislation, the Trustees of the Fund have designated assets as follows: for Regional Intersectoral Committees to fund programs for vulnerable children, youth and families at the community level; to fund building or upgrading of community cultural facilities; for initiatives to deal with problem gambling; and to fund regional exhibition associations, and to fund hospital foundations. These designated assets are not available for other purposes without the approval of the Trustees. Changes, during the current year, to these designated assets were as follows:

	Community Grants	Community Cultural Facilities	Problem Gambling Initiatives	Regional Exhibition Associations	Hospitals	2002 Total	2001 Total
Beginning of year	$ 995,698	$ 1,234	$ 500,000	$ 143	$ -	$1,497,075	$5,940,546
Allocations	2,000,000	1,000,000	500,000	485,000	300,000	4,285,000	3,785,000
Grants approved	(2,230,242)	(1,001,185)	(747,550)	(419,625)	(300,000)	(4,698,602)	(8,228,471)
End of year	$ 765,456	$ 49	$ 252,450	$ 65,518	$	$1,083,473	$1,497,075

AUDITORS' REPORT TO THE TRUST BENEFICIARIES

We have audited the balance sheet of First Nations Trust Fund as at March 31, 2002 and the statements of revenue and expenditures and unrestricted surplus and cash flows for the year then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Saskatoon, Canada
July 16, 2002

FIRST NATIONS TRUST FUND

Balance Sheet

March 31, 2002, with comparative figures for 2001

		2002		2001
Assets				
Cash	$	121,735	$	15,489
Accounts receivable		114		-
	$	121,849	$	15,489
Liabilities and Unrestricted Surplus				
Current liabilities:				
Payable to First Nations	$	121,849	$	15,489
Unrestricted surplus		-		-
Commitments (note 2(b))				
	$	121,849	$	15,489

See accompanying notes to financial statements.

On behalf of the Trustees:

Trustee

Trustee

FIRST NATIONS TRUST FUND

Statement of Revenue and Expenditures and Unrestricted Surplus

Year ended March 31, 2002, with comparative figures for 2001

	2002	2001
Revenue:		
Gaming revenue	$ 14,371,618	$ 11,049,215
Interest	1,804	10,141
	14,373,422	11,059,356
Expenditures:		
FSIN:		
First Nations Addictions Rehabilitation Foundation	944,350	944,350
Veterans	150,000	71,250
Trust administration	100,000	100,000
Justice Secretariat	-	298,000
	1,194,350	1,413,600
Excess of revenue over expenditures before the following	13,179,072	9,645,756
Payments to First Nations	12,494,670	9,401,756
Painted Hand Community Development Corporation (note 2(a))	584,402	-
White Bear gaming agreement development costs (note 2(b))	100,000	100,000
National assembly travel subsidy	-	144,000
	13,179,072	9,645,756
Excess of revenue over expenditures	-	-
Unrestricted surplus, beginning of year	-	-
Unrestricted surplus, end of year	$ -	$ -

See accompanying notes to financial statements.

FIRST NATIONS TRUST FUND

Statement of Cash Flows

Year ended March 31, 2002, with comparative figures for 2001

	2002	2001
Cash flows from (used in):		
Operations:		
Change in non-cash operating working capital:		
Accounts receivable	$ (114)	$ -
Gaming revenue receivable	-	4,300,000
Payable to First Nations	106,360	(4,207,250)
Payable to FSIN:		
Veterans	-	(17,250)
First Nations Addictions Rehabilitation Foundation	-	(236,087)
Trust administration	-	(25,000)
	106,246	(185,587)
Increase (decrease) in cash	106,246	(185,587)
Cash, beginning of year	15,489	201,076
Cash, end of year	$ 121,735	$ 15,489

See accompanying notes to financial statements.

FIRST NATIONS TRUST FUND

Notes to Financial Statements

Year ended March 31, 2002

General Information:

The First Nations Trust Fund (the "Fund") was established to administer and disburse funds earned through gaming activities. Pursuant to the 1994 Casino Gaming Agreement between Federation of Saskatchewan Indians, Inc. ("FSIN") and the Province of Saskatchewan (the "Province") and Section 17 of the Saskatchewan Gaming Corporation Act, the Fund is to receive 25% of the net profits of the Regina Casino. Pursuant to the 1995 Agreement between FSIN and the Province (the "1995 Agreement"), the FSIN Gaming Act and the Trust Indenture between FSIN and the Trustees of the Fund (the "FSIN Trust Indenture"), the Fund is to receive 50% of the net profits generated by casinos operated by Saskatchewan Indian Gaming Authority, Inc. ("SIGA").

At any time when the cumulative total of the net profits from the SIGA casinos distributed to the Fund exceeds the cumulative total amount paid to the Fund from the profits of the Regina casino, the Fund shall only be entitled to 37.5% of the excess net profits from the SIGA casinos (the "Flip clause"). This arrangement shall remain in place until such time as the total net profits paid into the Fund from Casino Regina again exceeds the net profits paid into the Fund by the SIGA casinos.

The 1995 Gaming Agreement provides for the establishment of the First Nations Addictions Rehabilitation Foundation ("FNARF") for the purpose of providing gaming addictions rehabilitation and prevention services for First Nations people. The operations of FNARF are to be funded from gaming revenues distributed by the Province to the Fund.

The 1995 Agreement between FSIN and the Province expired on March 31, 2001. The 1995 Agreement was extended until a new agreement was completed on June 11, 2002 between FSIN and the Province (the "2002 Framework Agreement"). Under the 2002 Framework Agreement, the Fund is to receive 37.5% of the net profits generated by casinos operated by SIGA, after allocations of $1.5 million to FNARF and $250,000 to FSIN.

The Fund is administered by a Board of Trustees. The FSIN, in accordance with the First Nations Gaming Act, provides a list of recommended trustees to the Government of Saskatchewan. The Government of Saskatchewan uses that list to appoint trustees to the Fund in accordance with the Saskatchewan Gaming Corporation Act.

FIRST NATIONS TRUST FUND

Notes to Financial Statements (continued)

Year ended March 31, 2002

General Information (continued):

The Saskatchewan Gaming Corporation Act advises that the Trustees may make payments from the Fund for the following purposes related to First Nations and Tribal Councils in Saskatchewan:

- economic development
- social development
- justice initiatives
- educational development
- recreational facilities operation and development
- senior and youth programs
- cultural development
- community infrastructure development and maintenance
- health initiatives, and
- any other community development and/or project.

The Trustees shall make payments from the Fund on a fair and equitable basis in accordance with guidelines approved by the FSIN Chiefs-in-Assembly. The Trustees may also disburse funds identified for charitable purposes to First Nations charities.

1. Significant accounting policies:

(a) Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenditures during the reporting period. Actual results could differ from these estimates.

FIRST NATIONS TRUST FUND

Notes to Financial Statements (continued)

Year ended March 31, 2002

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1. **Significant accounting policies (continued):**

   (b) Gaming revenues:

   Gaming revenues are recorded when receivable from the Province's General Revenue Fund. Distributions of gaming revenue are made to the Fund in quarterly installments based on estimates of net profits at the SIGA casinos and the Regina Casino. Upon completion of the fiscal years of the SIGA casinos and Regina Casino, a final distribution is made to the Fund by the Province's General Revenue Fund. The amount of this final distribution is recorded as gaming revenue upon determination and allocation by the Province.

   During 2000, Saskatchewan Liquor and Gaming Authority determined that certain past expenditures of SIGA were not considered reasonable. The Province's share of these expenditures not considered reasonable is to be recovered from the Fund pursuant to the agreements between FSIN and the Province. Commencing with the fourth quarter of the year ending March 31, 2001, $169,908 per quarter for eight consecutive quarters for a total of $1,359,264 will be withheld by the Province from distributions made to the Fund.

   (c) Payments to First Nations:

   Payments to First Nations are made based on guidelines approved by the FSIN Chiefs-in-Assembly.

2. **Approved resolutions:**

   During the year, the FSIN Chiefs-in-Assembly approved the following resolutions and so directed the trustees of the Fund:

   (a) Pursuant to the Framework Amending Agreement between the FSIN and the Government of Saskatchewan dated March 31, 2000 and effective February 10, 2000, 25% of the net profits from each casino located on reserve status land will be paid by the Government to the host site Community Development Corporation. The land on which the Painted Hand Casino is located was granted reserve status on May 13, 1999, and effective for the fiscal year ended March 2001, the Yorkton Tribal Council established the Painted Hand Community Development Corporation in accordance with all of the appropriate terms and is now recognized by the Saskatchewan Liquor and Gaming Authority. The amount paid in fiscal 2002 represents retroactive payments made to the Painted Hand Community Development Corporation.

FIRST NATIONS TRUST FUND

Notes to Financial Statements (continued)

Year ended March 31, 2002

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2. Approved resolutions (continued):

(b) Compensation to the White Bear First Nation for the historical gaming costs related to planning and development of the Bear Claw Casino in the amount of $300,000 to be paid over a period of three years commencing in the 2001 fiscal year. These funds were paid as the White Bear First Nation was the initial First Nation that undertook gaming activities and their related costs as a form of economic development. The FSIN believes these actions initially benefited the White Bear First Nation and ultimately resulted in the FSIN Saskatchewan gaming agreements that now benefit all First Nations in the region. The remaining commitment of $100,000 will be paid from gaming revenues received by the Fund in the next fiscal year.

3. Flip Clause contingency:

The Flip Clause in the 1995 Agreement and the amendment to the 1995 Agreement, effective April 1, 1998, provide for distribution to the Fund of net profits generated by casinos operated by SIGA and the Regina Casino. Disagreement exists between the FSIN and the Province regarding interpretation and calculations pursuant to the 1995 Agreement and the amendment to the 1995 Agreement as they relate to distribution of gaming revenue to the Fund. Any increase in distribution to the Fund related to the above disagreement will be accounted for in the period of resolution of the disagreement and receipt of amounts by the Fund.

4. Related party transactions:

Related parties to the Fund include FSIN and First Nations in the Saskatchewan region and the Province of Saskatchewan. FSIN provides administrative services to the Fund at an amount agreed between the parties. Occasionally cheques are distributed to Tribal Councils on behalf of their member First Nation. Expenditures and distributions to related parties are disclosed in the statements of revenue and expenditures and unrestricted surplus.

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Fish and Wildlife Development Fund as at March 31, 2002 and the statements of operations, changes in net assets, and cash flows for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
June 13, 2002

Fred Wendel, CMA, CA
Provincial Auditor

Statement 1

FISH AND WILDLIFE DEVELOPMENT FUND
STATEMENT OF FINANCIAL POSITION
As at March 31

	2002	2001
ASSETS		
Current assets:		
Due from General Revenue Fund (Notes 3 and 8)	$ 4,519,326	$ 4,302,576
Accounts receivable (Notes 4 and 8)	193,405	96,895
	4,712,731	4,399,471
Capital assets (Note 5)	16,197,613	15,400,722
	$ 20,910,344	$ 19,800,193
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable (Note 8)	$ 167,070	$ 100,308
Net assets:		
Net assets invested in capital assets	16,197,613	15,400,722
Internally restricted net assets (Note 6)	2,000,000	2,000,000
Unrestricted net assets	2,545,661	2,299,163
	20,743,274	19,699,885
	$ 20,910,344	$ 19,800,193

Commitments (Note 7)

(See accompanying notes to the financial statements)

Statement 2

FISH AND WILDLIFE DEVELOPMENT FUND
STATEMENT OF OPERATIONS
For the Year Ended March 31

	2002		2001
	Budget (Note 9)	Actual	Actual
Revenues:			
General Revenue Fund transfer (Note 4)	$ 3,520,000	$ 3,300,796	$ 3,340,645
Field permits and leases	168,000	181,784	167,394
Interest	247,000	151,319	209,834
Other revenue	20,000	78,167	42,618
	3,955,000	3,712,066	3,760,491
Expenses:			
Wildlife habitat projects (Schedule 1)	1,053,000	1,081,722	1,024,991
Fish enhancement projects (Schedule 1)	1,340,000	1,322,869	963,603
Grants-in-lieu of taxes (Note 6)	230,000	264,086	213,763
	2,623,000	2,668,677	2,202,357
Excess of revenues over expenses	$ 1,332,000	$ 1,043,389	$ 1,558,134

(See accompanying notes to the financial statements)

Statement 3

FISH AND WILDLIFE DEVELOPMENT FUND
STATEMENT OF CHANGES IN NET ASSETS
For the Year Ended March 31

	2002				2001
	Invested in Capital Assets	Internally Restricted	Unrestricted	Total	Total
Net assets:					
Balance, beginning of year	$ 15,400,722	$ 2,000,000	$ 2,299,163	$ 19,699,885	$ 18,098,451
Excess of revenues over expenses	(22,290)	—	1,065,679	1,043,389	1,558,134
Donated land	—	—	—	—	43,300
Net investment in capital assets	819,181	—	(819,181)	—	—
Balance, end of year (to Statement 1)	$ 16,197,613	$ 2,000,000	$ 2,545,661	$ 20,743,274	$ 19,699,885

(See accompanying notes to the financial statements)

Statement 4

FISH AND WILDLIFE DEVELOPMENT FUND
STATEMENT OF CASH FLOWS
For the Year Ended March 31

	2002	2001
Cash flows from operating activities:		
Receipts from General Revenue Fund transfer	$ 3,245,108	$ 3,339,999
Receipts from field permits and leases	238,500	209,864
Interest received	151,319	209,834
Payments to grant recipients	(121,800)	(119,000)
Payments to municipalities	(264,086)	(213,763)
Payments to suppliers and employees	(2,193,739)	(1,859,563)
	1,055,302	1,567,371
Cash flows from investing activities:		
Proceeds from disposal of capital assets	9,000	---
Purchase of capital assets	(847,552)	(997,593)
	(838,552)	(997,593)
Net increase in cash	216,750	569,778
Due from General Revenue Fund, beginning of year	4,302,576	3,732,798
Due from General Revenue Fund, end of year	$ 4,519,326	$ 4,302,576

(See accompanying notes to the financial statements)

FISH AND WILDLIFE DEVELOPMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2002

1. Purpose of the Fund

The Fish and Wildlife Development Fund (Fund) operates under the authority of Section 20 of *The Natural Resources Act*. The Fund was established for the purposes of preventing the reduction of wildlife habitat and wildlife population in the agricultural area of the province and for fish enhancement projects intended to prevent the loss of fish or fish habitat. The Department of Environment and Resource Management (now called the Department of Environment) administers the Fund.

2. Significant Accounting Policies

The financial statements are prepared using Canadian generally accepted accounting principles for not-for-profit organizations. The following accounting policies are considered significant:

a) Capital Assets

Purchased capital assets are recorded at cost. Amortization commences in the year of acquisition and is provided on a straight-line basis over the asset's estimated useful life. Annual rates for equipment are from 5% to 33%.

Donated land is recorded at fair value at the date of contribution as a direct increase in net assets.

The Fund entered into agreements with other conservation agencies for the joint acquisition of land for wildlife related purposes. Land jointly owned is recorded at cost at the date title is transferred to both parties. Note 5 discloses separately the Fund's cost of the jointly owned land.

b) Grant Expenses

Grant expenses are recognized when grants are approved and the recipient has met eligibility criteria.

c) Revenue

The transfer from the General Revenue Fund is recognized when certain hunting and fishing licenses are issued.

Field permit and lease revenue is recognized when the permit is issued or the lease payment is due.

3. Due From General Revenue Fund

The Fund's money is on deposit with the General Revenue Fund (GRF) and in a bank account included in the Consolidated Offset Bank Concentration arrangement for the Government of Saskatchewan. The Fund's earned interest is calculated and paid by the GRF on a quarterly basis to the Fund using the Government's thirty-day borrowing rate and the Fund's average daily account balance. The Government's average thirty-day borrowing rate for 2001/02 is 3.41% (2000/01 – 5.59%).

4. Revenue - General Revenue Fund

The annual transfer from the General Revenue Fund has been set by Order in Council 526/95 as an amount equivalent to 30% of certain hunting and fishing licence fees collected by the Department of Environment and Resource Management. A receivable is recorded for the portion of the revenue not received before the year-end that relates to the annual licence fees. Included in the accounts receivable at March 31, 2002 is $143,163 (2001 - $87,475) receivable from the General Revenue Fund.

5. Capital Assets

	2002			2001
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	$ 14,136,096	$ —	$ 14,136,096	$ 13,809,972
Land – joint ownership	1,968,524	—	1,968,524	1,529,674
Equipment	523,400	430,407	92,993	61,076
	$ 16,628,020	$ 430,407	$ 16,197,613	$ 15,400,722

6. Internally Restricted Net Assets - Municipal Habitat Conservation

Internally restricted net assets were established to compensate rural municipalities for taxes forgone on lands acquired by the Fund for wildlife habitat conservation purposes. The interest earned on this amount is reported in the unrestricted fund and is used to assist in paying rural municipalities grants-in-lieu of taxes on Fund lands located within their boundaries.

7. Commitments

The Fund's wildlife habitat and fish enhancement project commitments at year end, are as follows:

2002-03	$ 117,750
2003-04	55,000
2004-05	50,000
2005-06	—
2006-07	—
Total	$ 222,750

8. Financial Instruments

The Fund' s financial instruments include due from General Revenue Fund, accounts receivable, and accounts payable. The fair value of these instruments approximates their carrying value due to the immediate or short-term maturity of these financial instruments.

The Fund is exposed to credit risk from the potential default of customers. However, the majority of the Fund's receivables are from other government agencies and reputable long-term corporate clients, therefore, the credit risk is minimal.

9. Budget

The Budget for the Fund is included with the Department of Environment and Resource Management's budget submission to Treasury Board. Treasury Board approves the Fund's budget annually.

10. Related Party Transactions

These financial statements include transactions with related parties. The Fund is related to all Saskatchewan Crown agencies such as departments, corporations, boards, and commissions under the common control of the Government of Saskatchewan. Also, the Fund is related to non-Crown enterprises that the Government jointly owns or significantly influences.

Routine operating transactions with related parties are recorded at agreed upon rates and are settled on normal trade terms. These transactions, at year end, are as follows:

	2002	2001
Expenses:		
Contractual services	$ 285,491	$ 26,579
Supplies and materials	6,485	3,348
Grants	66,200	95,000
CVA Rentals	136,313	137,410
Utilities	65,977	61,416
Telephone	1,162	898

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and notes.

The Fund pays Provincial Sales tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

In accordance with established government policy, the Fund has not been charged with certain costs including occupancy, financing, and certain administrative costs. These costs have been absorbed by various departmental appropriations and, therefore, no provision for such costs is reflected in these financial statements.

11. Comparative Information

Certain comparative figures have been restated to conform with the current year's financial statement presentation.

Schedule 1

FISH AND WILDLIFE DEVELOPMENT FUND
SCHEDULE OF EXPENSES
For the Year Ended March 31

	2002				2001
	Budget	Wildlife Habitat Projects	Fish Enhancement Projects	Total	Total
Salaries	$ 1,300,000	$ 386,597	$ 675,208	$ 1,061,805	$ 1,055,628
Contractual services	470,000	474,383	286,285	760,668	377,020
Supplies and materials	175,000	36,244	97,152	133,396	152,347
Grants	30,000	99,800	22,000	121,800	119,000
CVA Rentals	140,000	59,565	76,748	136,313	123,520
Travel expenses	70,000	21,730	67,472	89,202	57,027
Utilities	70,000	---	65,977	65,977	56,677
Amortization	25,000	2,166	20,124	22,290	20,674
Telephone	7,000	352	1,303	1,655	1,778
Communications	55,000	885	10,600	11,485	23,973
Habitat leases	51,000	---	---	---	950
	$ 2,393,000	$ 1,081,722	$ 1,322,869	$ 2,404,591	$ 1,988,594

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Forest Fire Contingency Fund as at March 31, 2002 and the statement of operations and changes in net financial assets for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

During the year, the Fund recorded a transfer of $40,000,000 from the General Revenue Fund to pay for the current and future costs for fighting certain wildfires. Management of the Fund recorded the entire transfer as revenue of the current year. In this respect these financial statements are not in accordance with Canadian generally accepted accounting principles. Canadian generally accepted accounting principles require organizations to record transfers as revenue when the costs are incurred. Also, these principles require organizations to record transfers received in advance as deferred revenue. Had this transaction been properly recorded deferred revenue of $33,994,798 would have been recorded in the statement of financial position and net financial assets would be reduced by an equivalent amount. Also, revenue, and excess of revenue over expenses in the statement of operations and changes in net financial assets would be reduced by $33,994,798.

In my opinion, except for the effects of the failure to properly record the transfer from the General Revenue Fund as described in the previous paragraph, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2002 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
June 26, 2002

Fred Wendel, CMA, CA
Provincial Auditor

Statement 1

FOREST FIRE CONTINGENCY FUND
STATEMENT OF FINANCIAL POSITION
As at March 31

	2002
ASSETS	
Assets:	
Due from General Revenue Fund (Notes 3 and 4)	$ 33,994,798
LIABILITIES AND NET FINANCIAL ASSETS	
Net financial assets (Statement 2)	$ 33,994,798

(See accompanying notes to the financial statements)

Statement 2

FOREST FIRE CONTINGENCY FUND
STATEMENT OF OPERATIONS AND CHANGES IN NET FINANCIAL ASSETS
For the Year Ended March 31

		2002 Actual
Revenues:		
General Revenue Fund transfer	$	40,000,000
		40,000,000
Expenses:		
Wages and benefits		1,601,707
Aircraft rental		1,834,416
Equipment rental		1,117,266
Materials and supplies		552,852
Contractual services		423,449
Aviation fuel		378,733
Travel and sustainance		94,949
Miscellaneous		1,830
		6,005,202
Excess of revenues over expenses		33,994,798
Net financial assets, beginning of year		-
Net financial assets, end of year - to Statement 1	$	33,994,798

(See accompanying notes to the financial statements)

FOREST FIRE CONTINGENCY FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2002

1. Purpose of the Fund

Section 8.1 of *The Prairie and Forest Fires Act, 1982* established The Forest Fire Contingency Fund (Fund) effective April 1, 2001. The Fund was established for the purpose of financing the expenses related to fighting wildfires in excess of 100 hectares in area. The Department of Environment and Resource Management (now called the Department of Environment) administers the Fund. The Department charges the Fund all costs of fighting escaped fires including the costs that were incurred before the fire escaped.

2. Significant Accounting Policy

The financial statements are prepared using Canadian generally accepted accounting principles. The following accounting policy is considered significant:

Revenue

Revenue is recognized when grant amounts are transferred from the General Revenue Fund and no future eligibility criteria are required to be met.

3. Due From General Revenue Fund

The Fund's money is on deposit with the General Revenue Fund (GRF). The Fund does not receive any interest from money on deposit with the GRF.

4. Financial Instruments

The fair value of the Fund's financial instrument, Due from General Revenue Fund, approximates its carrying value due to the immediate and short- term nature of this financial instrument.

5. Budget

For the year ended March 31, 2002, Treasury Board approved a transfer of $40,000,000 from the General Revenue Fund.

6. Related Party Transactions

These financial statements include transactions with related parties. The Fund is related to all Saskatchewan Crown agencies such as departments, corporations, boards and commissions under the common control of the Government of Saskatchewan. Also, the Fund is related to non-Crown enterprises that the Government jointly controls or significantly influences.

Routine operating transactions with related parties are recorded at agreed upon rates and are settled on normal trade terms. These transactions, for the year, are as follows:

Expenses:	
Wages and benefits	$ 973,790
Contractual services	271,199
Materials and supplies	4,729
	$ 1,249,718

The Fund pays Provincial Sales Tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and notes.

In accordance with established government policy, the Fund has not been charged with certain costs including occupancy, financing, and certain administrative costs. These costs have been absorbed by various departmental appropriations and, therefore, no provision for such costs is reflected in these financial statements.

7. Cash Flow Statement

A cash flow statement has not been provided since cash flow information is readily apparent from these financial statements.

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Government House Foundation as at March 31, 2002 and the statements of operations and net assets, and cash flows for the period then ended. The Foundation's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
July 12, 2002

Fred Wendel, CMA, CA
Provincial Auditor

Statement 1

GOVERNMENT HOUSE FOUNDATION
STATEMENT OF FINANCIAL POSITION
For the period ended March 31, 2002
(Note 1)

	2002
ASSETS	
Current Assets:	
Due from General Revenue Fund (note 3)	$ 700,155
	$ 700,155
LIABILITIES AND NET ASSETS	
Current Liabilities:	
Deferred Revenue (note 4)	$ 700,000
Net assets (Statement 2)	155
	$ 700,155

Chairperson
Board of Trustees

(See accompanying notes to the financial statements)

Statement 2

GOVERNMENT HOUSE FOUNDATION
STATEMENT OF OPERATIONS AND NET ASSETS
For the period March 11, 2002 to March 31, 2002
(Note 1)

	2002
Revenue:	
Interest (Note 3)	$ 155
	155
Expenses:	-
	-
Excess of revenue over expenses	155
Net assets, beginning of period	-
Net assets, end of period - to Statement 1	$ 155

(See accompanying notes to the financial statements)

Statement 3

GOVERNMENT HOUSE FOUNDATION
STATEMENT OF CASH FLOWS
For the period March 11, 2002 to March 31, 2002
(Note 1)

	2002
Cash Flows from operating activities:	
Cash received from Government of Saskatchewan Centenary Fund	$ 700,000
Interest received	155
Net increase/(decrease) in cash	700,155
Cash, beginning of the period	-
Cash, end of period	$ 700,155
Cash consists of:	
Due from General Revenue Fund	$ 700,155

(See accompanying notes to the financial statements)

GOVERNMENT HOUSE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2002

1. Authority

The Government House Foundation was established by regulation, under the authority of *The Historic Properties Foundation Act* effective January 21, 2002. The site in the City of Regina commonly known as Government House was designated as a Provincial Heritage Property on August 26, 1981 and is the historic property for which the foundation was established.

2. Significant Accounting Policies

These financial statements are prepared in accordance with Canadian generally accepted accounting principles. The following accounting policies are considered significant:

a) Accrual Basis
The financial statements are prepared on the accrual basis of accounting.

b) Revenue Recognition
Restricted contributions are recognized as revenue in the year in which restrictions of the contributions have been met.

3. Due from General Revenue Fund

During 2001/02, the Government of Saskatchewan transferred $700,000 from the Centenary Fund for capital expense purposes. These funds are on deposit with the General Revenue Fund.

The Foundation's earned interest is calculated and paid quarterly, by the General Revenue Fund, based on the Government's thirty-day borrowing rate and the Foundation's average daily bank account balance. The Government's average thirty-day borrowing rate for the period was 2.02%.

4. Deferred Revenue

Deferred revenue of $700,000 represents funds transferred from the Government of Saskatchewan Centenary Fund. These funds are restricted for capital purposes only and will be recognized as revenue in the year in which capital expense has been incurred.

GOVERNMENT HOUSE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2002

5. Related Party Transactions

These financial statements include transactions with related parties. The Foundation is related to all Saskatchewan Crown agencies such as departments, corporations, boards and commissions under the common control of the Government of Saskatchewan. Also, the Foundation is related to non-Crown enterprises that the Government jointly controls or significantly influences.

Transactions with related parties and amounts due from are described separately in the financial statements and notes thereto.

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Law Reform Commission of Saskatchewan as at March 31, 2002, and the statements of changes in net assets, operations, and cash flows for the year then ended. The Commission's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
April 26, 2002

Fred Wendel, CMA, CA
Acting Provincial Auditor

Statement 1

LAW REFORM COMMISSION OF SASKATCHEWAN
STATEMENT OF FINANCIAL POSITION
As at March 31

	2002	2001
ASSETS		
Current		
Cash	$ 39,233	$ 5,153
Prepaid Expense	550	550
	39,783	5,703
Capital assets (Note 3)	$ 302	$ 448
Total Assets	$ 40,085	$ 6,151
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	$ 555	---
Net Assets		
Net assets invested in capital assets	$ 302	$ 448
Unrestricted net assets	39,228	5,703
Total Net Assets (Statement 2)	$ 39,530	$ 6,151
Total Liabilities and Net Assets	$ 40,085	$ 6,151

(See accompanying notes to the financial statements)

Statement 2

LAW REFORM COMMISSION OF SASKATCHEWAN
STATEMENT OF CHANGES IN NET ASSETS
Year Ended March 31

	2002			2001
	Invested in Capital Assets	Unrestricted	Total	Total
Balance, beginning of year	$ 448	$ 5,703	$ 6,151	$39,303
Excess (deficiency) of revenue over expenses (statement 3)	(547)	33,926	33,379	(33,152)
Investment in capital assets	401	(401)	—	—
Balance, end of year (statement 1)	$ 302	$ 39,228	$ 39,530	$ 6,151

(See accompanying notes to the financial statements)

Statement 3

LAW REFORM COMMISSION OF SASKATCHEWAN
STATEMENT OF OPERATIONS
Year Ended March 31

	2002	2001
Revenues		
General Revenue Fund appropriation	$ 55,000	$ 55,000
Law Foundation grants (Note 5)	75,350	—
Interest	15	162
	130,365	55,162
Expenses		
Salaries and employee benefits	80,529	72,699
Commissioners' honoraria and expenses	4,435	6,082
Conference expense	2,919	—
Rent	6,600	6,600
Office supplies and services	1,006	663
Printing	476	1,345
Miscellaneous	474	253
Amortization expense	547	672
	96,986	88,314
Excess (deficiency) of revenues over expenses (statement 2)	33,379	(33,152)

(See accompanying notes to the financial statements)

Statement 4

LAW REFORM COMMISSION OF SASKATCHEWAN
STATEMENT OF CASH FLOWS
Year Ended March 31

	2002	2001
Cash flows from operating activities		
General Revenue Fund appropriation	$ 55,000	$ 55,000
Law Foundation grants	75,350	---
Interest received	15	162
Payment of prepaid expenses	(550)	(550)
Cash paid to suppliers and employees	(95,334)	(87,499)
Increase (decrease) in cash from operating activities	34,481	(32,887)
Cash flows from investing activities		
Purchase of capital assets	(401)	---
Net increase (decrease) in cash	34,080	(32,887)
Cash, beginning of year	5,153	38,040
Cash, end of year	$ 39,233	$ 5,153

(See accompanying notes to the financial statements)

LAW REFORM COMMISSION OF SASKATCHEWAN
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2002

1. Incorporation

The Law Reform Commission Act was amended effective November 6, 1987. At that date the Commission became a body corporate and continued the operations of the Law Reform Commission of Saskatchewan.

The purpose of the Commission is to review all the laws of the Province with a view to its systematic development and reform and generally the simplification and modernization of the law.

2. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

Revenue Recognition

The Commission follows the deferral method of accounting and recognizes unrestricted contributions as revenue when received or receivable.

Capital Assets

Capital assets are recorded at cost. The capital assets are reduced annually for the consumed cost of the asset calculated upon the straight-line method. Currently, capital assets include computers, which have a useful life of three years.

3. Capital Assets

	Cost	Accumulated Amortization	Net Book Value 2002	Net Book Value 2001
Office equipment	$ 21,144	$ 21,143	$ 1	$ 1
Computer	2,416	2,115	301	447
	$ 23,560	$ 23,258	$ 302	$ 448

4. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies, boards and commissions related to the Law Reform Commission of Saskatchewan by virtue of common control or significant influence by the Government of Saskatchewan.

The following table summarizes the Commission's related party transactions that are in the normal course of operations. These transactions are recorded at the standard rates charged by these parties and are settled at normal trade terms.

	2002	2001
Operating revenues - Grant from Department of Justice	$ 55,000	$ 55,000
Operating expenditures		
University of Saskatchewan - rent, other services	7,029	6,798

In addition, the Commission pays Provincial Sales Tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as a part of the cost of those purchases.

5. Law Foundation Grant

Law Reform Commission received a grant in 2001/02 from the Law Foundation for $55,000. They also received a second grant for the purpose of employing a summer student for $6,600. The revenue amount shown also includes a grant relating to the 2000/01 year that was negotiated and received during the 2001/02 fiscal year for $13,750.

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Municipal Potash Tax Sharing Administration Board as at December 31, 2001 and the statement of operations and net financial assets for the year then ended. The Board is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Municipal Potash Tax Sharing Administration Board as at December 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
January 18, 2002

Fred Wendel, CMA, CA
Acting Provincial Auditor

Statement 1

Municipal Potash Tax Sharing Administration Board
Statement of Financial Position
As at December 31

	2001	2000
Financial Assets		
Current Assets:		
Cash	$21,139	$22,599
Net Financial Assets - (Statement 2)	$21,139	$22,599

(See accompanying notes to the financial statements)

Statement 2

Municipal Potash Tax Sharing Administration Board
Statement of Revenue, Expenditures and Net Financial Assets
For Year Ended December 31

	Rural	Urban	2001	2000
Revenue:				
Municipal taxes received from rural municipalities (Note 5)			$6,226,636	$6,226,741
Less: Tax sharing distributions (Schedule 1)				
Areas of Influence				
Saskatoon Lanigan	$3,278,389	$364,266	3,642,655	3,640,833
Esterhazy	1,900,600	211,178	2,111,778	2,110,719
Pense	416,577	46,286	462,863	462,737
	$5,595,566	$621,730	6,217,296	6,214,289
Revenue held for general administration (Note 4)			9,340	12,452
Expenditures:				
Office facilities - Saskatchewan Association of Rural Municipalities			6,000	6,000
Secretary-Treasurer's Honorarium			3,950	3,950
Board members' allowances:				
Per diem			700	700
Mileage			0	594
Sustenance			0	140
Insurance			150	150
			10,800	11,534
Surplus (Deficit) for the year			(1,460)	918
Net financial assets, beginning of year			22,599	21,681
Net financial assets, end of year - to Statement 1			$21,139	$22,599

(See accompanying notes to the financial statements)

MUNICIPAL POTASH TAX SHARING ADMINISTRATION BOARD
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2001

1. Authority

The Municipal Potash Tax Sharing Administration Board was established under Section 3 of *The Municipal Tax Sharing (Potash) Act*. Under provisions of the Act, taxes levied by rural municipalities on potash mines are remitted to the Board. The Board administers a tax sharing program. Disbursements to municipalities, located within the areas of influence of a potash development, are made on the basis of formulae prescribed in regulations.

2. Significant Accounting Policies

The financial statements are prepared in accordance with generally accepted accounting principles.

3. Cash Flow Statement

A cash flow statement has not been provided since cash flow information is readily apparent from the other financial statements.

4. Administration Costs

The regulations permit the Board to withhold up to 0.5% of taxes received, to a maximum of $25,000, for the general administration of the Board. During the year, the Board withheld 0.15% of taxes received totalling $9,340.

5. Municipal Taxes Received From Rural Municipalities

Municipality	RM#	Budget 2001	Actual 2001	Actual 2000
Rocanville	151	$ 718,740	$ 699,906	$ 683,403
Spy Hill	152	784,287	763,736	826,501
Pense	160	463,664	463,559	463,664
Langenburg	181	611,925	651,308	605,045
Usborne	310	1,105,237	1,105,237	1,027,016
Colonsay	342	612,726	612,726	636,966
Blucher	343	577,907	577,907	644,076
Corman Park	344	566,863	566,863	567,095
Vanscoy	345	785,394	785,394	772,975
		$ 6,226,743	$ 6,226,636	$ 6,226,741

6. Budget

The budgeted amounts disclosed in these statements are those approved by the Municipal Potash Tax Sharing Administration Board.

Schedule 1

Municipal Potash Tax Sharing Administration Board

Schedule of Tax Sharing Distributions Made to Municipalities
For the Year Ended December 31

	Budget 2001	Actual 2001	Actual 2000
Saskatoon/Lanigan Area			
Rural Municipalities			
279 Mount Hope	573	573	551
280 Wreford	23,272	23,272	20,559
281 Wood Creek	2,553	2,553	2,536
283 Rosedale	1,267	1,267	1,258
309 Prairie Rose	56,884	56,884	56,544
310 Usborne	263,302	263,302	261,258
312 Morris	178,469	178,469	177,313
313 Lost River	119,273	119,273	118,480
314 Dundurn	106,397	106,397	105,945
315 Montrose	114,879	114,879	114,360
316 Harris	25,533	25,533	25,774
339 Leroy	37,543	37,543	37,300
340 Wolverine	258,960	258,960	257,661
341 Viscount	198,953	198,953	219,527
342 Colonsay	239,956	239,956	237,636
343 Blucher	430,140	430,140	427,861
344 Corman Park	486,461	486,461	497,104
345 Vanscoy	452,366	452,366	449,619
346 Perdue	96,627	96,627	96,160
371 Bayne	25,070	25,070	24,918
372 Grant	42,159	42,159	37,823
373 Aberdeen	100,806	100,806	89,700
376 Eagle Creek	16,946	16,946	16,863
	$3,278,389	$3,278,389	$3,276,750
Urban Municipalities			
Town of Aberdeen	6,371	6,371	6,368
Town of Allan	37,742	37,742	37,724
Town of Asquith	7,164	7,164	7,160
Village of Bradwell	7,796	7,796	7,792
Village of Clavet	18,226	18,226	18,217
Town of Colonsay	23,011	23,011	23,000
Town of Dalmeny	16,600	16,600	16,591
Town of Delisle	45,162	45,162	45,139
Village of Drake	3,320	3,320	3,318
Village of Elstow	5,000	5,000	4,998
Village of Guernsey	6,936	6,936	6,932
Village of Kinley	417	417	416
Town of Langham	14,140	14,140	14,133
Town of Lanigan	63,657	63,657	63,625

Schedule 1 (Cont'd)

Municipal Potash Tax Sharing Administration Board

Schedule of Tax Sharing Distributions Made to Municipalities
For the Year Ended December 31

	Budget 2001	Actual 2001	Actual 2000
Saskatoon/Lanigan Area			
Urban Municipalities			
Village of Lockwood	323	323	322
Town of Martensville	16,963	16,963	16,954
Village of Meacham	1,062	1,062	1,061
Village of Perdue	5,417	5,417	5,414
Village of Plunkett	1,142	1,142	1,142
Village of Vanscoy	16,989	16,989	16,981
Village of Viscount	15,860	15,860	15,852
Town of Vonda	3,884	3,884	3,883
Town of Warman	21,250	21,250	21,240
Town of Watrous	19,221	19,221	19,211
Village of Young	4,301	4,301	4,299
Village of Zelma	2,312	2,312	2,311
	364,266	364,266	364,083
	3,642,655	3,642,655	3,640,833
Esterhazy Area			
Rural Municipalities			
121 Moosomin	60,264	60,264	60,237
122 Martin	16,798	16,798	16,779
151 Rocanville	364,264	364,263	364,103
152 Spy Hill	501,528	501,528	501,738
153 Willowdale	49,456	49,456	49,511
181 Langenburg	375,801	375,801	375,517
183 Fertile Belt	319,771	319,771	318,731
211 Churchbridge	132,625	132,625	132,809
213 Saltcoats	80,095	80,094	80,222
	1,900,602	1,900,600	1,899,647
Urban Municipalities			
Village of Atwater	449	451	449
Village of Bangor	732	734	732
Resort Village of Birds Point	578	0	578
Town of Bredenbury	4,726	4,739	4,724
Town of Churchbridge	10,466	10,495	10,461
Town of Esterhazy	87,276	87,515	87,232
Village of Gerald	8,425	8,448	8,420
Town of Langenburg	13,613	13,650	13,606

Schedule 1 (Cont'd)

Municipal Potash Tax Sharing Administration Board
Schedule of Tax Sharing Distributions Made to Municipalities
For the Year Ended December 31

	Budget 2001	Actual 2001	Actual 2000
Esterhazy Area			
Urban Municipalities			
Town of Rocanville	44,948	45,071	44,925
Village of Spy Hill	13,561	13,599	13,555
Village of Stockholm	4,572	4,584	4,570
Village of Tantallon	7,808	7,830	7,804
Village of Welwyn	7,500	7,520	7,496
Village of Yarbo	6,524	6,542	6,520
	211,178	211,178	211,072
	2,111,780	2,111,778	2,110,719
Pense Area			
Rural Municipalities			
129 Bratt's Lake	2,703	2,702	2,727
130 Redburn	55,182	55,170	55,854
131 Baildon	21,049	21,044	19,134
159 Sherwood	34,330	34,322	32,665
160 Pense	176,559	176,519	178,158
161 Moose Jaw	83,959	83,940	84,697
189 Lumsden	11,907	11,904	11,983
190 Dufferin	22,748	22,743	22,918
191 Marquis	8,234	8,233	8,327
	416,671	416,577	416,463
Urban Municipalities			
Village of Belle Plaine	3,178	3,178	3,177
Village of Bethune	4,656	4,655	4,653
Village of Briercrest	1,552	1,551	1,551
Village of Disley	633	633	633
Village of Drinkwater	4,321	4,319	4,318
Village of Grand Coulee	4,172	4,171	4,170
Village of Pense	26,519	26,513	26,506
Village of Tuxford	1,266	1,266	1,266
	46,297	46,286	46,274
	462,968	462,863	462,737
Total tax sharing - to Statement 2	$6,217,403	$6,217,296	$6,214,289

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Northern Revenue Sharing Trust Account as at December 31, 2001 and the statements of revenues, expenditures and net assets, and cash flows for the year then ended. The Northern Revenue Sharing Trust Account's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Northern Revenue Sharing Trust Account as at December 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
January 25, 2002

Fred Wendel, CMA, CA
Acting Provincial Auditor

Statement 1

NORTHERN REVENUE SHARING TRUST ACCOUNT
STATEMENT OF FINANCIAL POSITION
As at December 31

	2001	2000
Financial assets		
Cash	$ 1,526,048	$ 700,191
Temporary investments	22,750,000	23,850,000
Accounts receivable (Note 4)	1,855,334	690,068
Inventory	541,654	566,958
Land held for resale	26,099	20,998
Prepaid expenditures	107,599	111,210
Tax title property	8,560	8,560
	$ 26,815,294	$ 25,947,985
Liabilities		
Unearned revenue	$ 1,715,436	$ 1,706,447
Grants payable	1,401,778	1,371,697
Accounts payable	780,561	404,119
Revenues collected for others	148,329	174,664
	$ 4,046,104	$ 3,656,927
Net assets (Note 8)	$ 22,769,190	$ 22,291,058

Tangible capital assets (Note 5)
Commitments (Note 6)

(see accompanying notes to the financial statements)

Statement 2

NORTHERN REVENUE SHARING TRUST ACCOUNT
STATEMENT OF REVENUES, EXPENDITURES AND NET ASSETS
For the Year Ended December 31

	2001		2000
	Budget (Note 7)	Actual	Actual
Revenues:			
Transfers (Note 10)	$ 9,162,789	$ 7,657,619	$ 7,422,114
Lease fees	4,180,040	3,997,976	4,206,744
Taxation	1,213,308	1,148,649	1,022,111
Interest	1,028,915	1,027,756	1,170,738
Utility and fuel supply sales	778,820	726,727	775,540
Land and capital asset sales	83,000	550,540	705,610
Other	144,167	133,695	202,807
	16,591,039	15,242,962	15,505,664
Expenditures: (Note 9)			
Transfers:			
Northern revenue sharing	5,208,640	5,156,824	5,196,673
Water and sewer	9,345,000	4,699,412	1,794,791
Northern capital	865,786	761,010	795,140
Northern residential subdivision program	—	506,310	—
Tangible capital asset expenditures (Note 5)	706,689	1,003,539	219,866
Municipal services:			
General government	1,127,410	946,152	875,760
Utilities and fuel operating costs	826,881	780,266	815,260
Transportation services	303,448	230,284	185,917
Community projects	199,046	142,813	88,308
Recreation and cultural	199,150	125,538	128,260
Environmental	193,418	112,781	110,787
Public health and welfare	16,086	9,297	2,830
Protective services	11,350	8,667	2,796
Bad debt provision	51,431	281,937	396,598
	19,054,335	14,764,830	10,612,986
Surplus (deficit) for the year	$ (2,463,296)	478,132	4,892,678
Net assets, beginning of year		22,291,058	17,398,380
Net assets, end of year		$ 22,769,190	$ 22,291,058

(see accompanying notes to the financial statements)

Statement 3

NORTHERN REVENUE SHARING TRUST ACCOUNT
CASH FLOW STATEMENT
As at December 31

	2001	2000
Cash provided by (used in):		
Operating activities:		
Surplus for the year	$ 478,132	$ 4,892,678
Change in non-cash working capital:		
Accounts receivable	(1,165,266)	84,946
Inventory	25,304	(146,563)
Land held for resale	(5,101)	(6,088)
Prepaid expenditures	3,611	4,553
Tax title property	---	(8,560)
Unearned revenue	8,989	111,867
Grants payable	30,081	(72,290)
Accounts payable	376,442	(720)
Revenues collected for others	(26,335)	45,521
Cash provided by operating activities	(274,143)	4,905,344
Investing activities:		
Purchase of temporary investments	(127,500,000)	(45,616,000)
Disposal of temporary investments	128,600,000	39,266,000
Cash provided by (used in) investing activities	1,100,000	(6,350,000)
Increase (decrease) in cash	825,857	(1,444,656)
Cash, beginning of year	700,191	2,144,847
Cash, end of year	$ 1,526,048	$ 700,191

(see accompanying notes to the financial statements)

NORTHERN REVENUE SHARING TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2001

1. Authority

The Northern Revenue Sharing Trust Account (NRSTA) was established by Section 287 of *The Northern Municipalities Act* (Act). NRSTA administers all revenues relating to the Northern Saskatchewan Administration District and all moneys appropriated by the Legislature for the purposes of northern revenue sharing and grant programs. In 2000, the Minister approved the northern residential subdivision program. During the year, NRSTA began developing residential lots under this program.

2. Significant Accounting Policies

These financial statements are prepared using accounting principles appropriate for the public sector and reflect the following significant accounting policies:

a) Tangible Capital Assets

Tangible capital assets are charged to expenditures in the year the asset is acquired.

b) Inventory

Inventory is fuel held for resale and is valued at the lower of cost determined on a FIFO basis and net realizable value.

c) Tax Title Property

Properties acquired through the tax enforcement process are recorded at the lower of the outstanding taxes and the net realizable value.

d) Revenues Collected for Others

Pursuant to the Act, NRSTA collects taxes for northern hamlets and northern school divisions. Taxes levied on behalf of northern hamlets and northern school divisions are not considered revenue of the NRSTA and are not reflected in the statement of revenues, expenditures and net assets. These taxes are remitted to the respective entities when received.

e) Revenue

Revenues are recorded on the accrual basis. Government transfers are recognized as revenue in the period during which the transfer is authorized and any eligibility criteria are met.

f) Expenditures

Transfers include grants and project cost-sharing arrangements and are recognized as expenditures in the period during which the transfer is authorized and any eligibility criteria are met.

g) Unearned Revenue

Unearned revenue is revenue that will be earned in a subsequent fiscal year and includes Crown land leases.

h) Temporary Investments

Temporary investments are short-term deposits that mature within one year and are recorded at cost, which approximates their market value.

3. Financial Instruments

NRSTA's financial instruments include cash, temporary investments, accounts receivable, prepaid expenditures, grants payable, accounts payable and revenues collected for others. The fair value of these instruments approximates carrying value due to their immediate or short-term nature. The interest rates on the short-term deposits range from 2.1% to 3.9% and a weighted average term to maturity of 68 days.

4. Accounts Receivable

	2001	2000
Due from the General Revenue Fund	$ 997,216	$ —
Lease receivable	323,196	—
Accrued interest	193,018	388,321
Fuel sales receivable	178,023	198,721
Receivable from Federal Government (GST)	115,464	65,975
Taxes	34,707	20,427
Other	13,710	16,624
	$ 1,855,334	$ 690,068

NRSTA's accounts receivable is subject to credit risk from the potential non-payment of lease fees. The amount of lease fees receivable shown above includes a provision of $605,378 for accounts that are considered doubtful.

5. Tangible Capital Assets

Tangible capital assets are recorded as expenditure in the year acquired and are not included in the Statement of Financial Position.

The following table is a summary of the assets, by classification:

(thousands of dollars)

	2001								2000
	Land	Buildings	Machinery & Equipment	Computer Hardware & Software	Office Furniture & Equipment	Other	Capital Works In Progress	Total	Total
Estimated useful life	not applicable	25 years	10 years	3 years	5 years	10 years	not applicable		
Opening cost	18	3,769	3,592	174	81	2,563	77	10,274	10,059
Additions	2	9	58	5	-	16	914	1,004	220
Disposals	-	(17)	(72)	-	(1)	(37)	-	(127)	(5)
Closing cost of tangible capital assets	20	3,761	3,578	179	80	2,542	991	11,151	10,274
Opening accumulated amortization	-	2,501	2,375	154	71	2,209	-	7,310	6,930
Annual amortization	-	135	169	10	2	65	-	381	382
Write-downs	-	-	-	-	-	-	-	-	-
Disposals	-	(9)	(60)	-	(1)	(36)	-	(106)	(2)
Closing accumulated amortization	-	2,627	2,484	164	72	2,238	-	7,585	7,310
Net Book Value of Tangible Capital Assets	20	1,134	1,094	15	8	304	991	3,566	2,964

Tangible capital assets are valued at historical cost. All costs directly attributable to the acquisition, construction, development or betterment of the tangible capital assets are included.

Amortization is calculated using the straight-line method based on the estimated useful life of each asset after deducting the assets estimated residual value.

During the current year, NRSTA acquired tangible capital assets costing $1,003,539 (2000 - $219,866). The net book value of $3,565,488 (2000 - $2,964,058) represents the cost of tangible capital assets less an estimate of the portion of assets used in the delivery of services.

6. Commitments

As at December 31, 2001, NRSTA is committed to funding northern capital and water and sewer projects through 2003. These commitments total $14,255,837 (2000 - $14,884,073).

7. Budget

The budget was approved by the Executive Director of Community Support Services Branch of Municipal Affairs and Housing.

8. Designated Assets

Included in the District are northern settlements and recreational subdivisions. Under the Act, revenues collected with respect to northern settlements and recreational subdivisions must be used for the benefit of the respective communities and are not available for general purposes. The Act specifies that revenues derived from the sale of Crown land within the boundaries of a northern settlement are to be expended on capital works in that northern settlement. The Act also specifies that the revenue derived from the sale of capital assets must be spent on capital works.

Following is additional information on revenues, expenditures and net assets of northern settlements, recreational subdivisions and capital works:

	2001				2000
	Northern Settlements	Recreational Subdivisions	Capital Works	Total	Total
Revenues:					
Transfers:					
Water and sewer	$ 912,111	$ —	$ —	$ 912,111	$ 76,597
Northern revenue sharing	786,356	—	—	786,356	786,356
Other	72,344	—	—	72,344	36,114
Northern capital	30,698	—	—	30,698	97,993
Utility and fuel sales	726,727	—	—	726,727	775,541
Interest	108,632	21,566	—	130,198	118,710
Taxation	28,333	59,625	—	87,958	95,167
Lease fees	27,712	—	—	27,712	29,973
Other	93,639	427	—	94,066	193,205
Land and capital asset sales	—	—	18,446	18,446	4,577
	2,786,552	81,618	18,446	2,886,616	2,214,233
Expenditures:					
Capital assets expenditures	987,090	13,799	—	1,000,889	209,246
Municipal Services:					
Utilities and fuel costs	780,268	—	—	780,268	815,260
Transportation	191,857	38,426	—	230,283	185,917
General government	154,208	6,431	—	160,639	133,554
Community projects	142,813	—	—	142,813	88,308
Recreation and cultural	124,395	1,143	—	125,538	128,259
Environmental	95,401	17,380	—	112,781	110,787
Public health and welfare	9,297	—	—	9,297	2,830
Protective services	6,202	2,465	—	8,667	2,796
Bad debt provision	23,862	(12,563)	—	11,299	32,298
	2,515,393	67,081	—	2,582,474	1,709,255
Surplus for the year	271,159	14,537	18,446	304,142	504,978
Net designated assets, beginning of year	2,554,375	357,941	196,477	3,108,793	2,603,815
Net designated assets, end of year	$ 2,825,534	$ 372,478	$ 214,923	$3,412,935	$3,108,793

9. Expenditures by Object

	2001		2000
	Budget	Actual	Actual
Transfers	$ 15,419,426	$ 11,123,556	$ 7,786,604
Operating costs	1,742,556	1,636,632	1,601,668
Capital asset expenditures	691,689	1,003,539	219,866
Salaries and benefits	371,622	317,422	237,509
Other	829,042	683,681	767,339
	$ 19,054,335	$ 14,764,830	$10,612,986

10. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies, boards and commissions related to NRSTA by virtue of common control or significant influence by the Government of Saskatchewan (collectively referred to as "related parties").

Routine operating transactions with related parties are settled on agreed upon exchange amounts. The following table summarizes the routine related party transactions for the year:

	2001	2000
Revenues:		
Other revenue	44,075	10,554
Expenditures:		
General government	789,984	777,957
Water and sewer transfers	557,933	181,816
Accounts receivable:		
Due from the General Revenue Fund	997,215	---
Lease receivable	323,196	---
Other receivable	2,938	4,539
Accounts payable	479,771	264,778

In addition, NRSTA pays Provincial Sales Tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

Other transactions with related parties and amounts due to or from them are described separately in the financial statements and notes.

NRSTA received the following transfers from related parties during the year:

	2001	2000
General Revenue Fund		
- Department of Municipal Affairs and Housing	$ 7,585,275	$ 7,386,000
- Department of Post Secondary Education and Skills Training	63,358	26,977
Centennial Summer Student Employment Program	2,000	---
Saskatchewan Lotteries	6,986	9,137
	$ 7,657,619	$ 7,422,114

The Department of Environment and Resource Management (Environment) is responsible for administering Crown land within the District. Therefore, Crown land is not reflected on the statement of financial position. However, in accordance with the Northern Crown Land Disposition Regulations and the Act, NRSTA is entitled to receive all proceeds from Crown land sales and leases within the District. During the year, Environment charged NRSTA $430,000 (2000 - $430,000) for administration of Crown land lease fees and Crown land sales, which is included in general government expenditures.

An annual administration charge of $200,000 has been established by the Department of Municipal Affairs and Housing to offset its expenses for administering NRSTA, which is included in general government expenditures. At December 31, 2001, $150,000 (2000 - $150,000) remains unpaid and has been recorded as an account payable on the statement of financial position.

11. Comparative Figures

Certain comparative figures have been reclassified to conform to the current year's financial statement presentation.

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the balance sheet of the Oil and Gas Environmental Fund as at March 31, 2002 and the statement of revenue, expenditure and net assets for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

FWendel

Regina, Saskatchewan
July 15, 2002

Fred Wendel, CMA, CA
Provincial Auditor

Statement 1

OIL AND GAS ENVIRONMENTAL FUND
BALANCE SHEET
As at March 31

	2002	2001
ASSETS		
Current:		
Due from General Revenue Fund (Note 5)	$ 2,632,847	$ 2,544,897
FUND BALANCE		
Net Assets (Statement 2) (Note 4)	$ 2,632,847	$ 2,544,897

(See accompanying notes to the financial statements)

Statement 2

OIL AND GAS ENVIRONMENTAL FUND
STATEMENT OF REVENUE, EXPENDITURE AND NET ASSETS
Year Ended March 31

	Budget 2002 (Note 6)	Actual	
		2002	2001
Revenue:			
Interest (Note 5)	$ 120,000	$ 87,950	$ 137,495
Expenditure:			
Well site restoration contracts	200,000	---	---
Excess of revenue over expenditure	$ (80,000)	87,950	137,495
Net Assets, beginning of year		2,544,897	2,407,402
Net Assets, end of year - to Statement 1		$ 2,632,847	$ 2,544,897

(See accompanying notes to the financial statements)

OIL AND GAS ENVIRONMENTAL FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2002

1. Authority

The Oil and Gas Environmental Fund was established on May 17, 1989, pursuant to Section 18.2 of *The Oil and Gas Conservation Regulations, 1985* (Regulations). The purpose of the Fund is to provide a mechanism to respond adequately to environmental problems associated with the exploration, development, production, and transportation of oil and gas. The Fund originated through a one-time assessment of $100 per well to a maximum of $20,000 per operator.

2. Significant Accounting Policies

These financial statements are prepared in accordance with Canadian generally accepted accounting principles.

3. Statement of Cash Flows

A cash flow statement has not been provided as the cash flow information is readily apparent from the financial statements.

4. Net Assets

The net assets represent assessments raised in accordance with subsection 18.3(2) of the Regulations less well site restoration costs. The net assets, together with any future recoveries of well site restoration costs, are available to provide for expenditures under section 18.4 of the Regulations related to the:

a) restoration of abandoned well sites, as a result of disappearance or insolvency of the well owner or operator.

b) containment or clean up of major environmental problems arising from oil and gas exploration, development, production or transportation operations.

5. Related Party Transactions

Included in these financial statements are transactions with departments related to the Fund by virtue of common control by the Government of Saskatchewan.

The Fund's money is on deposit with the General Revenue Fund (GRF). The GRF calculates and pays interest on a quarterly basis using the Government's thirty-day borrowing rate and the Fund's average daily account balance. The Government's average thirty-day borrowing rate in 2001-2002 was 3.41% (2000-2001 was 5.59%).

OIL AND GAS ENVIRONMENTAL FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2002

The Fund has not been charged with any administrative costs and no provision for such costs is reflected in these statements. These costs are borne by the Department of Energy and Mines.

6. Budget

The budget for the Fund is included with the Department of Energy and Mines budget submission to Treasury Board. Treasury Board approves the Fund's budget annually.

7. Oil and Gas Orphan Fund

In June 2001, the Legislative Assembly passed *The Oil and Gas Conservation Amendment Act, 2001* amending *The Oil and Gas Conservation Act*. This provides the framework for a more comprehensive program to address the issue of abandonment of wells and clean-up of those wells and facilities where the obligations of the person responsible for carrying out those activities are not being met. Part of this comprehensive program involves the conversion of the existing Oil and Gas Environmental Fund to The Oil and Gas Orphan Fund. As of March 31, 2002, the *Oil and Gas Conservation Amendment Act, 2001* had not yet been proclaimed.

PRICEWATERHOUSECOOPERS

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April 23, 2002

Auditors' Report

To the Members of the Legislative Assembly,
Province of Saskatchewan

We have audited the statement of financial position of the Sask911 Account as at March 31, 2002 and the statement of operations and net assets and cash flows for the year then ended. The account's management is responsible for preparing these financial statements for Treasury Board's approval. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the account as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants

PricewaterhouseCoopers refers to the Canadian firm of PricewaterhouseCoopers LLP and other members of the worldwide PricewaterhouseCoopers organization.

Sask911 Account

Statement of Financial Position
As at March 31

		2002		2001
ASSETS				
Current Assets				
Cash (Note 5)	$	640,024	$	680,453
Interest receivable		664		2,929
	$	640,688	$	683,382
NET ASSETS	$	640,688	$	683,382
	$	640,688	$	683,382

See accompanying notes.

On behalf of SaskTel

Officer

Stephanson Officer

Sask911 Account

Statement of Operations and Net Assets
For the year ended March 31

	2002	2001
Revenues		
Net Sask911 Account fees (Note 4)	$ 1,692,560	$ 1,479,288
Interest income	20,317	26,950
	1,712,877	1,506,238
Expenses		
Public safety answering points	1,026,795	891,300
Central co-ordination	150,842	102,271
Start-up communications	517,934	294,182
Standards and Training	60,000	-
	1,755,571	1,287,753
(Deficiency) excess of revenues over expenses	(42,694)	218,485
NET ASSETS, BEGINNING OF YEAR	683,382	464,897
NET ASSETS, END OF YEAR	$ 640,688	$ 683,382

See accompanying notes.

Sask911 Account

Statement of Cash Flows

For the year ended March 31

	2002	2001
Cash provided by (used in):		
Operating activities		
(Deficiency) excess of revenue over expenses	$ (42,694)	$ 218,485
Changes in non-cash working capital:		
Interest receivable	2,265	(1,488)
Receivable from Saskatchewan Telecommunications	-	5,388
Net (decrease) increase in cash	(40,429)	222,385
CASH BEGINNING OF YEAR	680,453	458,068
CASH END OF YEAR	$ 640,024	$ 680,453

See accompanying notes.

SASK911 ACCOUNT

Notes to Financial Statements

March 31, 2002

1. STATUS OF THE SASK911 ACCOUNT

The Emergency 911 System Act (Chapter E – 7.3 of the Statutes of Saskatchewan) ("the Act") provides for the development, implementation and operation of an Emergency 911 system in the Province, known as The Sask911 System.

Section 45.1 of *The Saskatchewan Telecommunications Act* ("the SaskTel Act") established the Sask911 Account ("the Account"). Effective January 1, 1999 *The Sask911 Fees Regulations* (Chapter S - 34 Reg 3 as amended by Saskatchewan Regulations 39/1999), requires all telecommunication operators providing local telephone services in certain municipalities in Saskatchewan to bill their connected customers prescribed Sask911 fees and to remit these fees to Saskatchewan Telecommunications ("SaskTel") for deposit into the Account. SaskTel manages the Account.

Section 7 of the Act provides that the Minister responsible may direct SaskTel to make payments out of the Account for the purposes of implementing the Act or exercising any of the Minister's powers.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared using generally accepted accounting principles.

Use of estimates
The preparation of financial statements in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. The inherent uncertainty involved in making such estimates and assumptions may impact the actual results reported in future periods.

3. SCOPE OF FINANCIAL STATEMENTS

In addition to its role in collecting the Sask911 fees referred to in Note 1, pursuant to 9(1) (d.1) of the SaskTel Act, SaskTel is entitled to recover its cost of installing and maintaining the equipment and facilities required to place emergency 911 calls in the Province of Saskatchewan. Fees charged by SaskTel in respect of its telecommunications cost are not reflected in these financial statements but rather as revenue in the financial statements of SaskTel.

SASK911 ACCOUNT

Notes to Financial Statements

March 31, 2002

4. SASK911 FEES

A portion of the Sask911 fee is retained by SaskTel to cover its cost of billing and account management. The Sask911 fees were deposited into the Account as follows:

Sask911 fees billed	2002	2001
Residential	$ 1,519,088	$ 1,323,415
Business/Centrex	208,555	185,014
Multiline/PBX	303,083	267,391
	2,030,726	1,775,820
LESS: SaskTel billing and account management fee	338,166	296,532
	$ 1,692,560	$ 1,479,288

5. DESIGNATED ASSETS

The Account contains designated assets to be used for the following funding purposes, under the direction of the Minister:

Designated assets	2002	2001
Public safety answering points	$270,593	$241.705
Central coordination	73,862	80,212
Start-up communications	211,889	277,605
Standards and training	30,981	50,814
	$587,325	$650,336

Cash includes interest of $52,699 (2001 - $30,117) received by the Sask911 Account, which is not included in the amounts designated above.

Payments to the public safety answering points are made after each quarter-end. The remainder of the designated assets will be disbursed subsequent to March 31, 2002 as directed by the Minister of Corrections and Public Safety.

SASK911 ACCOUNT

Notes to Financial Statements

March 31, 2002

6. RELATED PARTY TRANSACTIONS

These financial statements include transactions with Saskatchewan Telecommunications, and is considered a related party by virtue of common control by the Government of Saskatchewan.

SaskTel provides Sask911 with billing and account management services, which are settled at prevailing market prices under normal trade terms. Start-up communications includes $28,000 paid to SaskTel. Other amounts paid during the year for this service are detailed in note 4.

In addition, Sask911 pays Saskatchewan Provincial Sales Tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Saskatchewan Apprenticeship and Trade Certification Commission as at June 30, 2001 and the statements of operations and accumulated surplus, and cash flows for the year then ended. The Commission's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at June 30, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
September 24, 2001

Fred Wendel, CMA, CA
Acting Provincial Auditor

Statement 1

SASKATCHEWAN APPRENTICESHIP AND TRADE CERTIFICATION COMMISSION
STATEMENT OF FINANCIAL POSITION
As at June 30, 2001

	2001	2000
Financial Assets:		
Due from General Revenue Fund (Note 3)	$ 912,591	$ 1,664,116
Accounts Receivable	54,721	339,382
Prepaid Expenses	78,986	7,460
Total Financial Assets	1,046,298	2,010,958
Liabilities:		
Accounts Payable and Accrued Liabilities	101,190	1,725,424
Accrued Vacation Leave	92,993	96,009
Deferred Revenue - ICEMS (Note 7)	180,455	-
Total Liabilities:	374,638	1,821,433
Accumulated Surplus	$ 671,660	$ 189,525
Accumulated Surplus Represented by:		
Accumulated Revenue over Expense	736,649	218,398
Less Tangible Capital Assets (Statement 4)	(64,989)	(28,873)
	$ 671,660	$ 189,525

(See accompanying notes to the financial statements)

Statement 2

SASKATCHEWAN APPRENTICESHIP AND TRADE CERTIFICATION COMMISSION
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
For the Year Ended June 30, 2001

	Budget	2001	2000 (9 months)
Revenue:			
Grants - General Revenue Fund	$ 8,766,000	$ 9,113,544	$ 5,387,517
Client Fees	157,893	153,442	74,692
Federal Contribution Agreement -ICEMS (Note 7)	3,144,168	2,316,516	377,755
Industry Contributions	-	991	-
Products and Services	-	3,439	-
Interest	82,336	76,107	46,769
Total Revenue	$ 12,150,397	11,664,039	5,886,733
Expenses:			
Salaries	1,756,552	1,660,012	1,265,900
Program Contractual Services	6,460,000	6,314,117	3,536,653
Amortization Expense	23,000	22,574	9,603
Other Contractual Services	85,766	60,234	82,335
Honorariums, Board Expenses	135,487	175,216	95,248
Travel	166,147	169,713	139,082
System Consulting - ICEMS (Note 7)	3,144,169	2,316,516	400,565
Telephone Expense	49,800	54,206	36,916
Advertising and Printing	45,809	66,825	26,087
Space Rental	126,994	128,375	39,465
Equipment Rental	25,642	19,762	13,853
Office Supplies	40,162	53,542	21,149
Postage, Courier, Freight	38,988	51,059	1,479
Products for Resale	-	3,171	-
Other	36,650	50,466	-
Total Expenses	12,135,166	11,145,788	5,668,335
Excess of Revenue over Expenses	15,231	518,251	218,398
Net (increase) in Tangible Capital Assets	(32,600)	(36,116)	(28,873)
Surplus for the year	(17,369)	482,135	189,525
Accumulated Surplus, beginning of year	$ 189,525	$ 189,525	-
Accumulated Surplus, end of year	$ 172,156	$ 671,660	$ 189,525

(See accompanying notes to the financial statements)

Statement 3

SASKATCHEWAN APPRENTICESHIP AND TRADE CERTIFICATION COMMISSION
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2001

	2001	2000 (9 Months)
Cash Flows from Operating Activities:		
Cash Receipts from General Revenue Fund	$ 9,064,487	$ 5,347,937
Cash Receipts from Government of Canada - ICEMS (Note 7)	2,503,767	100,000
Cash Receipts from Province of Quebec - ICEMS (Note 7)	113,314	-
Cash Receipts from Clients	153,052	73,492
Interest Received	77,947	24,722
Industry Contributions	784	-
Products and Services	3,439	-
Funds Held in Trust	(19,376)	-
Cash Paid to Suppliers and Employees	(6,252,969)	(1,557,870)
Cash Paid to Provide Program Services	(6,337,279)	(2,285,689)
Cash Flows from Operating Activities	(692,834)	1,702,592
Cash Flows from Investing Activities:		
Purchase of Capital Assets	(58,691)	(38,476)
Cash Flows from Investing Activities:	(58,691)	(38,476)
Increase in Cash	(751,525)	1,664,116
Due from General Revenue Fund, beginning of year	1,664,116	-
Due from General Revenue Fund, end of year	$ 912,591	$ 1,664,116

(See accompanying notes to the financial statements)

Statement 4

SASKATCHEWAN APPRENTICESHIP AND TRADE CERTIFICATION COMMISSION
STATEMENT OF TANGIBLE CAPITAL ASSETS
For the Year Ended June 30, 2001

	2001					2000 (9 months)
	Leasehold Improvements	Office Furniture	Office Equipment	Computer Hardware	Total	Total
Opening costs	$ -	$ -	$ 317	$ 38,159	$ 38,476	$ -
Additions during the year	26,548	1,591	5,890	24,662	58,691	38,476
Closing cost	26,548	1,591	6,207	62,821	97,167	38,476
Opening accumulated amortization	-	-	63	9,540	9,603	-
Annual amortization	5,310	318	1,241	15,705	22,574	9,603
Closing accumulated amortization	5,310	318	1,304	25,245	32,178	9,603
Net Book Value of Tangible Capital Assets	$ 21,238	$ 1,273	$ 4,903	$ 37,576	$ 64,989	$ 28,873

(See accompanying notes to financial statements)

SASKATCHEWAN APPRENTICESHIP AND TRADE CERTIFICATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2001

1. Description of Business

The Apprenticeship and Trade Certification Commission (the Commission) was established as an entity by The Apprenticeship and Trade Certification Commission Act, 1999 effective October 1, 1999.

The Commission is an industry-led agency with a mandate to govern and manage the apprenticeship system in Saskatchewan. The purpose of the Commission is to develop industry occupational standards in apprenticeship trades and to provide services to employers and tradespersons supporting certification based on those standards.

2. Significant Accounting Policies

These financial statements have been prepared using accounting principles appropriate for the public sector and reflect the following significant accounting policies.

a) The Basis of Accounting

The accounts were prepared on the accrual basis of accounting.

b) Revenue

The revenue of the Commission consists of monies provided by the Department of Post-Secondary Education and Skills Training (PSEST) to operate the Commission and train apprentices, fees charged to apprentices, monies collected from the sale of products and services and interest revenue. Revenue is recorded when received or receivable.

Federal funds are recognized as revenue in the year in which the related expenditures are incurred.

c) Expenses

Expenses represent the cost of resources consumed during the period of operations. Expenses include a provision for the amortization of tangible capital assets purchased during the period.

d) Tangible Capital Assets

Tangible capital assets were transferred to the Commission from the Department of Post-Secondary Education and Skills Training on October 1, 1999. These assets were fully depreciated at that time, carrying no book value.

Tangible capital asset purchases are recorded at cost. The cost and related accumulated amortization of items retired or disposed of are removed from the records and any gains or losses are included in the Statement of Operations and Accumulated Surplus.

Amortization is recorded on tangible capital asset purchases on a straight-line basis over their estimated useful lives as follows:

• Office Equipment	5 years
• Office Furniture	5 years
• Computer hardware	4 years
• Leasehold Improvements	5 years

e) Net Increase in Tangible Capital Assets

The net increase in tangible capital assets represents adjustments required to report the surplus on an expenditure basis.

3. Due from the General Revenue Fund

The Commission's bank account is included in the Consolidated Offset Bank Concentration arrangement for the Government of Saskatchewan

Earned interest is calculated and paid by the General Revenue Fund on a quarterly basis into the Commission's bank account using the Government's thirty day borrowing rate and the Commission's average daily bank account balance. The average rate for the period July 1, 2000 to June 30, 2001 was 5.36% (1999-2000 – 5.07%).

4. Related Party Transactions

These financial statements include transactions with related parties. The Commission is related to all Saskatchewan Crown agencies, such as departments, corporations, boards, and commissions under the common control of the Government of Saskatchewan.

Routine operating transactions with related parties are recorded at the rates charged by those organizations and are settled on normal trade terms. In addition, the Commission pays Provincial Sales Tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

The Commission has not been charged with any administrative costs associated with the provision of administrative services provided by the Department of Post-Secondary Education and Skills Training and no provision for such costs is reflected in these statements. These costs are borne by the Department. Also, the Department paid for the employee benefits of the Commission.

Other transactions with related third parties and amounts due to/from are described separately in the financial statements and notes thereto.

5. Financial Instruments

The Commission's financial instruments include due from the General Revenue Fund, accounts receivable, prepaid expenses, accounts payable and accrued liabilities, accrued vacation leave, and deferred revenue. The carrying amount of these instruments approximates fair value due to their immediate or short-term maturity. These instruments have no interest or credit risk.

6. Operating Lease

The Commission entered into a lease agreement for rental of office space at 2140 Hamilton Street. The annual lease payments agreed to are:

2001-2002 - $116,400
2002-2003 - $116,400
2003-2004 - $116,400
2004-2005 - $116,400
2005-2006 - $ 67,900

The lease agreement expires January 31, 2006.

7. Interprovincial Computerized Examination Management System (ICEMS)

The Commission entered into an agreement with the Federal Government for the development of the Interprovincial Computerized Examination Management System (ICEMS). The Commission has also received funds from the Province of Quebec for the development of ICEMS. Revenue and expenses for the ICEMS project are recorded on the accrual basis of accounting. Deferred revenue consists of monies received for the ICEMS project in excess of the expenses incurred on the project at the end of the fiscal year.

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Saskatchewan Archives Board as at March 31, 2002 and the statements of revenue and expenditures and net financial assets, and cash flows for the year then ended. The Board's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Saskatchewan Archives Board as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred Wendel, CMA, CA
Provincial Auditor

Regina, Saskatchewan
July 25, 2002

Statement 1

SASKATCHEWAN ARCHIVES BOARD
STATEMENT OF FINANCIAL POSITION
As as March 31

	2002	2001
Financial assets:		
Due from the University of Saskatchewan (Note 4)	$ 497,640	$ 276,858
Accounts receivable	3,433	2,701
Prepaid expenses	7,725	15,273
	508,798	294,832
Investments (Note 4 and 5)	69,831	68,983
	578,629	363,815
Liabilities:		
Accounts payable	200,645	68,467
Accrued vacation pay	63,175	44,247
Deferred revenue	-	22,372
	263,820	135,086
Net financial assets (Statement 2)	$ 314,809	$ 228,729
Investment in tangible capital assets (Note 3)	$ 251,899	$ 155,317

(See accompanying notes to the financial statements)

Statement 2

SASKATCHEWAN ARCHIVES BOARD
STATEMENT OF REVENUE AND EXPENDITURES AND NET FINANCIAL ASSETS
For the year Ended March 31

	Budget 2002 (Note 9)	Actual 2002	Actual 2001
Revenue:			
Grants - General Revenue Fund	$ 2,616,000	$ 3,267,000	$ 2,600,000
- Other	-	50,944	35,411
	2,616,000	3,317,944	2,635,411
Services	142,201	101,605	139,638
Photocopy sales	43,000	39,029	43,708
Magazine sales	14,000	15,665	1,614
Investment income	2,900	3,748	6,022
Miscellaneous	2,000	2,020	6,709
	2,820,101	3,480,011	2,833,102
Expenditures:			
Salaries and benefits	1,946,607	2,300,646	1,819,843
Administrative services	759,294	797,700	701,178
Printing and postage	41,350	36,530	32,638
Tangible capital assets	43,250	176,665	60,114
Materials & supplies	29,600	82,390	39,052
	2,820,101	3,393,931	2,652,825
Surplus for the year	$ -	86,080	180,277
Net financial assets, beginning of year		228,729	48,452
Net financial assets, end of year - to Statement 1		$ 314,809	$ 228,729

(See accompanying notes to the financial statements)

Statement 3

SASKATCHEWAN ARCHIVES BOARD
STATEMENT OF CASH FLOWS
For the Year Ended March 31

	2002	2001
Cash flows from operating activities:		
Surplus for the year	$ 86,080	$ 180,277
(Increase) decrease in grant receivable	(732)	316,082
(Increase) decrease in prepaid expenses	7,548	(4,737)
Increase (decrease) in accrued vacation pay	18,928	(47,431)
Increase (decrease) in accounts payable	132,178	(30,696)
Increase (decrease) in deferred revenue	(22,372)	(4,525)
	221,630	408,970
Cash flows from investing activities		
Net increase in investments	(848)	(3,029)
Net increase in Due from University of Saskatchewan	220,782	405,941
Due from/(to) the University of Saskatchewan, beginning of year	276,858	(129,083)
Due from the University of Saskatchewan, end of year	$ 497,640	$ 276,858

(See accompanying notes to the financial statements)

SASKATCHEWAN ARCHIVES BOARD
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2002

1. Authority

The Saskatchewan Archives Board was established under the authority of *The Archives Act* for the purpose of acquiring and preserving historical documents relating to the history of Saskatchewan and providing these documents to the public for research purposes.

2. Accounting Policies

The financial statements are prepared using Canadian generally accepted accounting principles. The following accounting policies are significant.

a) Tangible Capital Assets

Tangible capital assets are charged to expenditure when purchased rather than when consumed. For accountability purposes, these assets are also recorded separately as an investment in tangible capital assets. The unconsumed cost of the physical assets is the cost of the tangible capital assets less amortization provided over the estimated useful life of the assets on a straight-line basis as follows:

Computer hardware	3 years
Computer software	3 years
Equipment	5 years
Furniture	5 - 20 years

This amortization procedure does not impact the statement of revenue and expenditures.

The Board has placed a nil value on the permanent collection of archival materials for financial statement purposes.

The cost of materials used to preserve the archival collection is included in expenditures.

b) Expenditures

Expenditures are recorded on the accrual basis and include the costs of tangible capital assets acquired during the year.

c) Investments

Investments are comprised of units in a pooled fund held by the University of Saskatchewan.Units in the pooled fund are valued at market and any increase/decrease in the value of the fund is accounted for in the statement of revenue and expenditures and net financial assets as investment income.

3. Tangible Capital Assets

	2002			2001
	Office Furniture & Equipment	Computer Hardware & Software	Total	Total
Cost, beginning of year	$426,679	$298,754	$725,433	$673,077
Additions	100,159	76,506	176,665	60,114
Disposals	(3,195)	(5,897)	(9,092)	(7,758)
Cost, end of year	523,643	369,363	893,006	725,433
Accumulated amortization, beginning of year	303,762	266,354	570,116	519,878
Amortization in year	33,207	47,045	80,252	57,827
Disposals	(3,364)	(5,897)	(9,261)	(7,589)
Accumulated amortization, end of year	333,605	307,502	641,107	570,116
Net book value of tangible capital assets	$190,038	$61,861	$251,899	$155,317

4. Due from University of Saskatchewan

The University administers cash and investments on behalf of the Board. The University pays the Board only for the money related to investments. The Saskatchewan Archives Board is not charged for interest on overdraft.

5. Evelyn Eager Estate Fund

In July 1992, the Saskatchewan Archives Board received a bequest of $40,000. It received an additional $7,371 in September 1994. The $47,371 is restricted indefinitely with the interest earned applied to the costs of publishing the Saskatchewan History magazine. The Board has the discretion to use the income for other purposes if the Board ceases publication of the magazine.

6. Related Party Transactions

These financial statements include transactions with related parties. The Board is related to all Saskatchewan Crown agencies such as departments, corporations, boards and commissions under the common control of the Government of Saskatchewan. Also, the Board is related to non-Crown enterprises that the Government jointly controls or significantly influences.

Administrative services are provided at a nominal charge to the Board by the University of Saskatchewan and the University of Regina.

Routine operating transactions with related parties are recorded at the rates charged by those organizations and are settled on normal trade terms. Included in administrative services are amounts paid to the Saskatchewan Property Management Corporation for office space the Board leases in Regina. Lease payments were $581,266 in 2002 (2001 - $517,761).

In addition, the Board pays Provincial Sales Tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and the notes thereto.

7. Pension Plan

Substantially all of the Board's employees participate in the Public Employees Pension Plan (a related party) which is a defined contribution plan. The Board's financial obligation to the plan is limited to making required payments to match amounts contributed by employees for current services. Included in salaries and benefits is pension expense for the year of $113,173 (2001 - $90,534).

8. Financial Instruments

The Board's financial instruments include due from the University of Saskatchewan, accounts receivable, investments, accrued vacation pay and accounts payable. The carrying amount of these instruments approximate fair value due to their immediate or short-term maturity. These instruments do not have significant interest or credit risk.

9. Budget

These amounts are included in the annual budget approved by the Saskatchewan Archives Board.

10. Comparative Figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Saskatchewan Arts Board as at March 31, 2002 and the statement of operations and net financial assets and the statement of cash flows for the year then ended. The Board's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2002 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
June 10, 2002

Fred Wendel, CMA, CA
Provincial Auditor

SASKATCHEWAN ARTS BOARD
STATEMENT OF FINANCIAL POSITION
As at March 31

Statement 1

	2002	2001
Financial assets:		
Cash - operations	$ 90,497	$ 429,368
Cash - internally designated funds (Note 5a)	123,059	130,943
Cash - externally designated funds (Note 5b)	67,097	0
Prepaid expenses	6,568	5,100
Accounts receivable	112,097	87,780
Loan receivable (Note 11)	150,000	0
	549,318	653,191
Liabilities:		
Accounts payable		
- Grants payable	$ 241,883	$ 295,837
- Accrued payable	44,358	35,662
- Other	24,739	38,296
Unearned revenue		
- Permanent collection fees	11,931	8,270
Leasehold inducement	54,000	0
	376,911	378,065
Net financial assets	$ 172,407	$ 275,126
Net financial assets represented by:		
Accumulated operating results	$ 405,897	$ 354,670
Investment in tangible capital assets (Note 4a)	(233,490)	(79,544)
	$ 172,407	$ 275,126
Permanent collection (Note 3)	$ 1,657,774	$ 1,657,371

(See accompanying notes to the financial statements)

SASKATCHEWAN ARTS BOARD
STATEMENT OF OPERATIONS AND NET FINANCIAL ASSETS
For the year ended March 31

Statement 2

	2002	2001
Revenues:		
Appropriation from General Revenue Fund	$ 3,759,000	$ 3,742,000
SaskCulture Inc.	495,000	421,500
Other contributions	22,699	39,621
Interest and other revenue	116,115	66,102
Permanent collection		
- Rental fees and other	77,301	67,856
- Donations of art and archives (Notes 2(c) & 3)	0	26,350
	4,470,115	4,363,429
Expenses:		
Grants and transfers		
- Global	$ 2,015,393	$ 2,015,334
- Gallery	152,500	136,500
- Project assistance	166,126	140,918
- Artists-in-residence	300,000	250,000
- Individual assistance	550,000	572,962
- Other	100,559	47,499
Permanent collection		
- Purchases (Note 3)	403	43,368
- Donations	0	26,350
Program delivery		
- Grants	433,748	443,167
- Permanent collection	189,686	161,743
Operations	432,590	460,668
Communications	77,765	76,868
	4,418,770	4,375,377
Net operating results	51,345	(11,948)
Net change in capital assets:		
- Purchases of tangible assets	(201,469)	(9,450)
- Loss on asset disposition	8,310	2,475
- Amortization	39,095	22,205
(Deficit) Surplus for the year	(102,719)	3,282
Net financial assets, beginning of year	275,126	271,844
Net financial assets, end of year	172,407	275,126

(See accompanying notes to the financial statements)

SASKATCHEWAN ARTS BOARD
STATEMENT OF CASH FLOWS
For the year ended March 31

Statement 3

	2002	2001
Cash flows from operating activities:		
Cash receipts:		
Appropriation from General Revenue Fund	$ 3,759,000	$ 3,742,000
SaskCulture Inc.	474,150	409,971
Fees and other	139,950	150,841
Other contributions	137,606	0
	4,510,706	4,302,812
Cash disbursements:		
Grant and transfer payments	3,314,772	3,129,114
Salaries and benefits	658,208	652,347
Space and accommodation	271,576	161,722
Suppliers and other	545,808	374,003
	4,790,364	4,317,186
Net (decrease) in cash from operating activities	(279,658)	(14,374)
Cash position, beginning of year	560,311	574,685
Cash position, end of year	$ 280,653	$ 560,311

Cash included in the Statement of Cash Flows is comprised of the following amounts:

	2002	2001
Cash - operations	$ 90,497	$ 429,368
Cash - internally designated funds (Note 5a)	123,059	130,943
Cash - externally designated funds (Note 5b)	67,097	0
	$ 280,653	$ 560,311

(See accompanying notes to the financial statements)

SASKATCHEWAN ARTS BOARD
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2002

1. Purpose & Authority

The Saskatchewan Arts Board was established pursuant to *The Arts Board Act*. It has been continued under *The Arts Board Act, 1997* (the Act). It exists to cultivate an environment in which the arts thrive for the benefit of everyone in Saskatchewan. The Act continues the Saskatchewan Arts Board Fund through which all financial transactions are conducted which pertain to fulfilling the purposes of the agency as indicated in the Act.

2. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The significant policies are as follows:

a) The Basis of Accounting

The financial statements are reported on the expense basis of accounting.

b) Reporting the Results of Operations and Net Financial Assets

The statement of operations and net financial assets reports revenues for the year, the cost of capital assets consumed during the year, i.e. amortized, and the excess of revenues over expenses or expenses over revenues. The results of operations are then adjusted within the statement for the difference between the cost of capital assets consumed and the cost of capital assets acquired during the year. These adjustments reconcile the results of operations to the change in net financial assets.

c) Permanent Collection

The Arts Board maintains a collection of artworks and related archives in all forms in order to inform, enlighten, and enhance the lives of present and future generations. Works in the collection are acquired through purchase, commission, donation, or bequest.

i) Permanent collection purchases are charged as an expense in the Statement of Operations & Net Financial Assets in the year of purchase.

ii) Donated works of art and archives for the permanent collection are recorded as revenue at their fair market value at the time of donation with a corresponding charge to expenses in the Statement of Operations & Net Financial Assets.

d) Tangible Capital Assets

Leasehold improvements, equipment, and furnishings are recorded at cost less accumulated amortization. The net book value of these capital assets are detailed in Note 4(a). Net book value of leasehold improvements is determined by using the straight line amortization method over the life of the lease and one renewable term. Net book value of equipment and furnishings is determined by using the straight line amortization method, with an estimated residual value of 10% of cost. Equipment, furnishings and leasehold improvements are amortized as follows:

Electronic equipment	4 years
Other equipment	6 years
Furnishings & fixtures	10 years
Leasehold improvements	10 years

e) Designated Assets

Internally - The Board periodically designates amounts from cash to be allocated for specified purposes. In designating these amounts, the Board takes into account the amounts and stated preferences of contributors. These amounts are not available for other purposes without approval of the Board.

Externally - The Board may receive cash with the stipulation it be used for specific purposes. These amounts are available only for the purposes stipulated by the contributor.

f) Grant expenses

Grants are expensed when approved by the Board, the applicant has met the eligibility criteria and the amount of the grant can be estimated.

g) Cash

Cash consists of interest-bearing money on deposit with the bank. The interest rates range from 1.75% to 4.64% (2001 - 4.85% to 5.50%)

3. Permanent Collection

	2002	2001
Art	$ 1,630,304	$ 1,629,901
Archives	27,470	27,470
	$ 1,657,774	$ 1,657,371

During the year the Board purchased works of art for the permanent collection totaling $403 (2001 - $43,368). No donations of art works and archives were accepted during the year (2001 - $26,350).

In January, 2002, the permanent collection was appraised by members of the Professional Art Dealers Association of Canada, and assigned a value of $2,903,173 on the basis of market value.

4. Tangible Capital Assets

a) Equipment and furnishings

During the year the Board incurred capitalizable costs totaling $201,469 (2001 - $9,450). In 2002 the Board disposed of capital assets in the amount of $76,233 (2001 - $21,441). The loss on disposition was $8,310 (2001 - $2,475). Capital assets are comprised of the following amounts:

	2002			2001		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Leasehold improvements	$ 188,260	$ 18,826	$ 169,434	$ 0	$ 0	$ 0
Furnishings	145,144	123,481	21,663	148,633	120,051	28,582
Other equipment	44,473	32,239	12,234	49,705	34,565	15,140
Electronic equipment	132,009	101,850	30,159	186,312	150,490	35,822
Total	$ 509,886	$ 276,396	$ 233,490	$ 384,650	$ 305,106	$ 79,544

The amortization for the year ended March 31, 2002 was $39,095 (2001 - $22,205).

b) Land

In July, 1998, Order-in-Council 485/98 authorized Saskatchewan Environment and Resource Management to sell, and the Arts Board to acquire, provincial lands identified in the Order-in-Council for the total value of $1. The current market value of the land has not been determined as of the issuance of the financial statements.

5. Designated Funds

a) Internally Designated Funds

In 2002 the Board designated $4,044 from cash (2001 - $15,000). The total of amounts designated and allocated by the Board collectively earned interest of $4,163 (2001 - $6,211). The Board disbursed $16,091 from these funds in 2002 (2001 - $0). The comparative year-end allocation balances are as follows:

	2002	2001
Jane Turnbull Evans Memorial Fund	$ 86,578	$ 83,887
Fred Mennie Fund	23,759	23,021
Cicanski-Creighton Fund	3,920	3,798
Jean Oser Fund	3,400	0
Painchaud Fund	2,759	2,673
Other Funds	2,643	2,363
The Arts Stabilization Fund	0	15,201
	$ 123,059	$ 130,943

b) Externally Designated Funds

In 2002 the Board received $75,000 from a private foundation to be used for the development of the Saskatchewan arts stabilization program. During the year the Board spent $7,903 of these funds for this purpose. At year end, the Board had $67,097 as externally designated funds.

6. Pension Plan

Employees make contributions to the Public Employees Pension Plan, a defined-contribution plan. Funding requirements are established by *The Superannuation (Supplementary Provisions) Act*. Rates of contribution were unchanged during the year at 5% of gross salary from employees and 6% from the Board. This plan is fully funded. During the year the Board's total contributions were $31,858 (2001 - $37,095).

7. Related Party Transactions

All Government of Saskatchewan agencies such as departments, corporations, boards and commissions are related since all are controlled by the Government. These financial statements include transactions with other Government agencies.

The following table summarizes the Board's transactions with other Government agencies that are in the normal course of operations. These transactions are recorded at agreed upon exchange amounts.

	2002	2001
Expenses		
- Saskatchewan Property Management Corp.	$ 54,553	$ 143,068
- Saskatchewan Centre of the Arts	37,195	37,108
- SaskTel	24,607	19,206
- Saskatchewan Workers Compensation Board	2,370	3,468
Revenues		
- Permanent Collection	62,784	56,169

8. Financial Instruments

The Arts Board's significant financial instruments consist of cash, accounts receivable, and accounts payable. The fair values of the cash, accounts receivable, and accounts payable approximate their carrying value due to the short-term nature of these instruments.

9. Commitments

a) Grants

During the year the Board approved grants for subsequent years, subject to the availability of funding for these purposes, as follows (2001 - $1,876,433):

	2003	2004	2005
Global Grants	$ 1,910,000	$ 1,919,550	$ 1,929,148
Gallery Grants	183,000	219,600	0
Project Assistance	5,000	0	0
	$ 2,098,000	$ 2,139,150	$ 1,929,148

b) Operating lease obligations

During the year, the Board terminated its lease for office space with Saskatchewan Property Management Corporation and entered into a lease for new office space from Talisman Properties Ltd. Future minimum lease payments pursuant to operating leases are:

Fiscal Year	Operating Leases
2002/03	67,600
2003/04	67,600
2004/05	67,600
2005/06	67,600
2006/07	11,267
	$ 281,667

10. Protocol Agreement

In 1997 the Board entered into a 3-year protocol agreement with SaskCulture Inc. to outline new principles involving the assessment and funding of provincial cultural organizations for the period ending March 31, 2000. During the year the agreement was extended to March 31, 2002. In 2002 the Board adjudicated funding of $1,466,440 (2001 - $1,287,099) on behalf of SaskCulture Inc. to be paid to 7 organizations (2001 - 6). In 2002 SaskCulture Inc. paid a fee of $15,000 (2001 - $15,000) to the Arts Board for this purpose.

11. Loan Receivable

During the year, the Board entered into a loan agreement with a non-profit organization in the amount of $150,000, at prime less two percent, to be repaid as follows:

Fiscal Year	Repayment
2002/03	$ 25,000
2003/04	50,000
2004/05	50,000
2005/06	25,000
	$ 150,000

12. Trust Moneys

During the year the Board entered into an agreement with the Minister of Culture, Youth and Recreation. The agreement names the Board as recipient and administrator of provincial contributions to The Arts Stabilization Fund. It stipulates that the full amount of contributions received from the Minister shall be paid to The Arts Stabilization Fund in accordance with conditions set out in the agreement. Subsequent to the year end, the Board received a contribution for The Arts Stabilization Fund from the Minister in the amount of $125,000. Since these funds are not subject to the discretionary authority of the Board, they are not reflected in these financial statements.

13. Comparison of Planned and Actual Results by Object

Expenses on the Statement of Operations and Net Financial Assets are reported for the year ended March 31 by object as follows:

	2002		2001
	Budget	Actual	Actual
Revenues			
General Revenue Fund	$ 3,759,000	$ 3,759,000	$ 3,742,000
SaskCulture Inc.	495,000	495,000	421,500
Donations of art and archives	0	0	26,350
Other	269,320	216,115	173,579
Total revenue	$ 4,523,320	$ 4,470,115	$ 4,363,429
Expenses			
Grants and transfers	$ 3,230,203	$ 3,284,578	$ 3,163,213
Permanent collection			
Acquisitions	0	403	43,368
Donations	0	0	26,350
Operations			
Salaries and benefits	764,140	639,671	682,267
Office and administration	277,977	183,868	202,440
Furniture and equipment	39,000	58,202	35,485
Programs and services	204,500	123,684	104,777
Travel and meetings	80,000	92,095	73,994
Communications	77,500	36,269	43,483
Total expenses	4,673,320	4,418,770	4,375,377
Net operating results	$ (150,000)	$ 51,345	$ (11,948)

The budget for the 2001/02 year was approved by the Board on June 23, 2001.

14. Comparative Amounts

Certain 2001 balances have been reclassified to conform with the current year's presentation.

AUDITORS' REPORT

Financial Statements of
SASKATCHEWAN ASSESSMENT MANAGEMENT AGENCY

December 31, 2001

Auditors' Report

To the Board of Directors of
The Saskatchewan Assessment Management Agency

We have audited the balance sheet of Saskatchewan Assessment Management Agency as at December 31, 2001 and the statements of revenues, expenses and net assets and cash flows for the year then ended. These financial statements are the responsibility of the agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the agency as at December 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with the disclosed basis of accounting.

Deloitte + Touche LLP

Chartered Accountants
Regina, Saskatchewan,
March 1, 2002.

FINANCIAL STATEMENTS

SASKATCHEWAN ASSESSMENT MANAGEMENT AGENCY

Balance Sheet

December 31, 2001

	2001	2000
CURRENT ASSETS		
Cash and temporary investments	$ 703,480	$ 1,330,620
Accounts receivable and accrued interest	1,241,538	1,143,127
Prepaid expenses	17,992	13,475
	1,963,010	2,487,222
CAPITAL ASSETS (Note 4)	345,732	281,372
	$ 2,308,742	$ 2,768,594
CURRENT LIABILITIES		
Accounts payable	$ 312,129	$ 437,445
Deferred revenue (Note 5)	1,000,000	1,000,000
	1,312,129	1,437,445
NET ASSETS		
Net assets invested in capital assets	345,732	281,372
Internally restricted net assets (Note 6)	869,165	1,045,171
(Deficiency) unrestricted net assets	(218,284)	4,606
	996,613	1,331,149
	$ 2,308,742	$ 2,768,594

See accompanying notes

APPROVED BY THE BOARD

.... Director

.... Director

SASKATCHEWAN ASSESSMENT MANAGEMENT AGENCY

Statement of Revenues, Expenses and Net assets

Year ended December 31, 2001

	2001	Budget 2001 (Unaudited)	2000
REVENUES			
Province of Saskatchewan Operating grant	$ 4,150,000	$ 5,120,000	$ 4,864,075
Municipal requisitions	5,573,409	5,689,000	5,449,801
Fees	201,682	160,000	102,169
Interest	81,966	80,000	124,962
Appraisal and assessment services	11,169	13,000	8,990
GST recovery (Note 3)	39,299	-	-
Miscellaneous	85,944	266,000	43,581
	10,143,469	11,328,000	10,593,578
EXPENSES			
Aerial photography	70,734	-	19,698
Bank charges	10,427	6,000	11,066
Communications and public meetings	52,196	37,500	60,360
Computer software and supplies	349,626	281,200	301,451
Depreciation	181,009	158,500	149,296
GST	-	70,000	50,876
Insurance	9,136	11,200	9,870
Office	443,792	475,800	454,551
Printing	210,632	228,800	217,563
Professional	94,097	37,000	85,491
Rent	441,778	473,400	349,645
Salaries and benefits	7,904,774	8,963,700	7,911,759
Tools and supplies	4,099	3,000	4,896
Travel and accommodation	593,654	531,900	548,051
	10,365,954	11,278,000	10,174,573
EXCESS OF (EXPENSES OVER REVENUES) REVENUES OVER EXPENSES	$ (222,485)	$ 50,000	$ 419,005

See accompanying notes

SASKATCHEWAN ASSESSMENT MANAGEMENT AGENCY

Statement of Changes in Net Assets

Year ended December 31, 2001

	Invested in Capital Assets	Internally Restricted Net Assets (Note 6)	(Deficit) Unrestricted Net Assets	2001 Total	2000 Total
Balance, beginning of year	$ 281,372	$ 1,045,171	$ 4,606	**$ 1,331,149**	$ 1,112,747
Revenues over expenses	(181,009)	-	(41,476)	**(222,485)**	419,005
Internal restrictions (Note 6)	-	50,000	(50,000)	-	-
Investment in capital assets	245,369	(113,955)	(131,414)	-	-
Expenditures from reserves	-	(112,051)	-	(112,051)	(200,603)
BALANCE, END OF YEAR	$ 345,732	$ 869,165	$ (218,284)	**$ 996,613**	$ 1,331,149

See accompanying notes

SASKATCHEWAN ASSESSMENT MANAGEMENT AGENCY

Statement of Cash Flows

Year ended December 31, 2001

	2001	2000
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of (expenses over revenues) revenues over expenses	$ (222,485)	$ 419,005
Items not affecting cash		
Depreciation	181,009	149,296
Gain on sale of assets	(600)	91
	(42,076)	568,392
Changes in non-cash working capital		
Accounts receivable and accrued interest	(98,411)	(999,462)
Prepaid expenses	(4,517)	(47)
Accounts payable	(125,316)	176,429
Deferred revenue	-	285,925
Professional fees reserve expenditures	(47,615)	(69,655)
Computer enhancement reserve expenditures	(63,835)	(130,948)
Net assets invested in capital assets	(381,770)	(169,366)
INVESTING		
Purchase of capital assets	(246,073)	(103,614)
Proceeds from sale of capital assets	703	-
	(245,370)	(103,614)
DECREASE IN CASH AND TEMPORARY INVESTMENTS	(627,140)	(272,980)
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR	1,330,620	1,603,600
CASH AND TEMPORARY INVESTMENTS, END OF YEAR	$ 703,480	$ 1,330,620

See accompanying notes

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001

1. STATUTORY AUTHORITY

The Saskatchewan Assessment Management Agency (SAMA) was established under the authority of *The Assessment Management Agency Act (AMA)* on March 1, 1987.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimations.

b) Revenue Recognition

SAMA follows the deferral method of accounting for operating grants received from the Province of Saskatchewan.

c) Temporary Investments

Investments are stated at the lower of cost and market value.

d) Capital Assets

Capital assets are recorded at cost less accumulated depreciation. Depreciation is calculated using the diminishing balance method, except for leasehold improvements and mainframe computer equipment, which are being amortized using the straight-line method over the lives of the leases.

e) Computer Software Development Costs

Computer software development costs are expensed as period costs.

f) Reserves

Reserves are established based on Board approval through appropriations of unrestricted net assets. When expenditures are incurred that that are related to an established reserve, the charge is recorded directly to the reserve.

3. GST

SAMA is classified as a designated municipality which enables the organization to claim the municipal rebate of 57.14% of the GST paid on expenses that are not eligible for Input Tax Credits.

4. CAPITAL ASSETS

	Rate	Cost	Accumulated Depreciation	Net Book Value 2001	Net Book Value 2000
Computer disc drives under capital leases	40%	$ 147,343	$ 146,504	$ **839**	$ 1,365
Mainframe computer equipment	1/5	113,955	37,985	**75,970**	–
Desktop computer equipment	40%	1,155,508	1,013,198	**142,310**	165,535
Furniture and equipment	20%	308,527	203,246	**105,281**	76,476
Leasehold improvements		337,269	315,937	**21,332**	37,996
		$2,062,602	$1,716,870	$ **345,732**	$ 281,372

5. DEFERRED REVENUE

Under Section 18(2) of AMA, the Agency is entitled to receive from the Province of Saskatchewan an annual operating grant of $4,000,000 (2000 - $4,000,000). Under Section 18(3) of AMA, the Province provided an additional grant of $150,000 (2000 - $150,000).

6. INTERNALLY RESTRICTED NET ASSETS

	2001	2000
Reserve for Communications	$ **50,000**	$ 50,000
Reserve for Computer Enhancements	**495,572**	673,962
Reserve for Professional Fees	**193,593**	191,209
Reserve for Travel	**130,000**	130,000
	$ **869,165**	$ 1,045,171

a) Reserve for Communications

A reserve was established to provide for the purchase of goods and services required for communication costs related to the assessment revaluation system. The balance as at December 31, 2001 is net of approved expenditures of nil (2000 – nil).

b) Reserve for Computer Enhancements

A reserve was established to provide for the purchase of computer software and equipment necessary for assessment revaluation processes. In 2001, nil (2000 – $500,000) was transferred to the reserve and approved expenditures were $178,390 (2000 - $130,948).

c) Reserve for Professional Fees

A reserve was established to provide for the purchase of legal, appraiser and other professional services related to property appeals and defense of value arising from the assessment revaluations. In 2001, $50,000 (2000 – $150,000) was transferred to the reserve and approved expenditures were $47,616 (2000 – $69,655).

d) Reserve for Travel

A reserve was established to provide for travel costs that will be incurred relating to the physical reinspection of property in municipalities. The balance as at December 31, 2001, is net of approved expenditures of nil (2000 – nil).

7. COMMITMENTS

Beginning November 1, 1998, the Agency entered into a five (5) year lease agreement with AMOS Development Corp. for monthly payments of $3,656.

Beginning March 1, 1998, the Agency entered into a five (5) year lease agreement with Melfort Mall Ltd. for monthly payments of $1,971.

Beginning November 1, 1998, the Agency entered into a five (5) year lease agreement with Royal Trust Corporation of Canada for monthly payments of $17,260.

Beginning April 1, 2000, the Agency entered into a six year and seven month lease agreement with Saskatchewan Property Management Corporation for monthly payments of $11,474.

8. PENSION EXPENSE

Employees of the Agency belong to one of two pension plans. Employees hired after October 1, 1977, make contributions to the Public Employees Pension Plan (PEPP), a defined-contribution plan. Funding requirements are established by *The Superannuation (Supplementary Provisions) Act* and employee contributions are matched by the corporation. Employees hired prior to October 1, 1977, who did not elect to transfer to the PEPP by October 1, 1978, make contributions to the Public Service Superannuation Plan (PSSP), a defined-benefit plan. The plan provides for pensions at retirement that are based on employees' years of service and their highest five years' earnings. Pension obligations for this plan are the responsibility of the Government of Saskatchewan - General Revenue Fund.

The total pension cost to the Agency for employees in PEPP was $335,770 (2000 - $322,347).

9. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation.

AUDITORS' REPORT

To the Members of the Legislative Assembly
Province of Saskatchewan

We have examined the statement of financial position of the Saskatchewan Auto Fund as at December 31, 2001, and the statements of operations and rate stabilization reserve and statement of cash flows for the year then ended. These financial statements are the responsibility of the management of Saskatchewan Government Insurance as administrators of the Fund. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Regina, Canada

February 15, 2002

STATEMENT OF FINANCIAL POSITION

December 31	2001	2000
	(thousands of $)	
Assets		
Cash and treasury bills (note 3)	$ 68,164	$ 80,091
Accounts receivable (note 4)	83,758	68,789
Deferred policy acquisition costs	12,930	12,018
Prepaid expenses and inventories	3,765	3,856
Investments (note 5)	655,831	592,512
Net investment in capital leases (note 6)	6,198	6,659
Capital assets (note 7)	41,276	31,450
	$ 871,922	$ 795,375
Liabilities		
Accounts payable and accrued charges	$ 18,259	$ 15,178
Premium taxes payable	23,271	21,424
Provision for unpaid claims (note 8)	627,479	586,848
Unearned premiums	200,944	188,796
	869,953	812,246
Rate Stabilization Reserve (deficit)	**1,969**	(16,871)
	$ 871,922	$ 795,375

Commitments (note 13)

(see accompanying notes)

STATEMENT OF OPERATIONS AND RATE STABILIZATION RESERVE (DEFICIT)

year ended December 31	2001	2000
	(thousands of $)	
Premiums written	$ 463,838	$ 446,714
Premiums earned	$ 452,659	$ 435,842
Claims incurred	419,995	409,876
Issuer fees	14,558	13,327
Premium taxes	22,637	19,195
Administrative expenses	25,495	25,831
Traffic safety programs	8,686	7,404
Total claims and expenses	491,371	475,633
Underwriting loss	(38,712)	(39,791)
Investment earnings (note 9)	41,390	69,056
Other income (note 10)	16,162	15,998
Increase to Rate Stabilization Reserve (deficit)	18,840	45,263
Rate Stabilization Reserve (deficit), beginning of year	(16,871)	(62,134)
Rate Stabilization Reserve (deficit), end of year	$ 1,969	$ (16,871)

(see accompanying notes)

STATEMENT OF CASH FLOWS

year ended December 31	2001	2000
	(thousands of $)	
Cash provided by (used for) operating activities		
Net increase to Rate Stabilization Reserve (deficit)	$ 18,840	$ 45,263
Non-cash items:		
Amortization	5,138	4,983
Realized gain on disposal of investments and capital assets	(6,471)	(31,745)
Loss (income) from equity investment	(10)	99
Investment write downs	1,471	2,641
Change in non-cash operating items:		
Accounts receivable	(14,969)	(14,716)
Deferred policy acquisition costs	(912)	(2,347)
Prepaid expenses and inventories	91	(50)
Accounts payable and accrued charges	3,081	1,721
Premium taxes payable	1,847	4,262
Provision for unpaid claims	40,631	61,598
Unearned premiums	12,148	11,113
	60,885	82,822
Cash provided by (used for) investing activities		
Purchases of investments	(867,798)	(608,674)
Proceeds on sale of investments	792,120	555,811
Repayment of capital leases	461	418
Purchases of capital assets	(13,813)	(5,546)
Proceeds on disposal of capital assets	42	27
	(88,988)	(57,964)
Increase (decrease) in cash and cash equivalents	**(28,103)**	24,858
Cash and cash equivalents:		
Balance, beginning of year	56,941	32,083
Balance, end of year	**28,838**	56,941
Plus treasury bills greater than 91 days to maturity from acquisition date	**39,326**	23,150
Cash and treasury bills per statement of financial position	**$ 68,164**	$ 80,091

(see accompanying notes)

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2001

1. STATUS OF THE FUND

The Saskatchewan Auto Fund (the Fund) was established effective Jan. 1, 1984 by an amendment to the *Automobile Accident Insurance Act* (Chapter A-35, Revised Statutes of Saskatchewan, 1978).

The Rate Stabilization Reserve (deficit) is held on behalf of Saskatchewan's motoring public and is not used for the payment of general dividends.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Fund are in accordance with Canadian generally accepted accounting principles. The following are considered to be significant:

Deferred policy acquisition costs

Premium taxes and issuer fees are deferred and then charged to expense over the terms of the insurance policies to which such costs relate. The method followed in determining the deferred policy acquisition costs limits the amount of the deferral to the amount recoverable from unearned premiums after giving consideration to investment income, as well as claim and adjustment expenses expected to be incurred as the premiums are earned.

Investments

Bonds, debentures and mortgages are recorded at amortized cost. Treasury bills, shares, pooled funds and real estate are valued at cost. Investments are written down when there is a decline in value that is other than temporary. Dividends on common shares are recognized as income on their record dates. Gains and losses on the sale of investments are recognized on the date of settlement.

The Fund owns 7% (2000 – 20%) interest in SGI CANADA Insurance Services Ltd. (SCISL), a company formed to sell insurance products in provinces other than Saskatchewan. The investment in SCISL is recorded on the equity basis, whereby the carrying value of the investment is adjusted by the Fund's share of SCISL's earnings or losses and reduced by cash received.

The Fund has a one-third interest in a real estate joint venture, which is accounted for using proportionate consolidation. The resulting income producing property is amortized over its estimated useful life of 50 years on a sinking fund basis. The other interests in this joint venture are SaskPen and a private sector investor. SaskPen is a real estate corporation owned by Province of Saskatchewan employee pension plans.

Capital leases

Investment earnings related to direct financing leases are recognized in a manner that produces a constant rate of return on the investment in each lease. The net investment in leases is composed of net minimum lease payments less unearned finance income.

Capital assets

Capital assets are recorded at cost less accumulated amortization. Amortization is recorded on a straight-line basis, commencing in the year in which the assets are placed in service, over their estimated useful lives as follows:

Buildings and improvements	$2^1/_2$ - 5%
Computer hardware, system costs and other equipment	20 - 50%

Provision for unpaid claims

The provision for unpaid claims represents an estimate of the total cost of claims to the year-end date. Included in the estimate are reported claims, claims incurred but not reported and an estimate of adjustment expenses to be incurred on these claims. The provision is calculated without discounting except for long-term disability claims. The estimates are necessarily subject to uncertainty and are selected from a range of possible outcomes. During the life of the claim, adjustments to the estimates are made as additional information becomes available. The change in outstanding losses plus paid losses is reported as claims incurred in the current period.

Premiums

Premiums written are taken into income over the terms of the related policies. Unearned premiums represent the portion of the policy premiums relating to the unexpired term of each policy.

Foreign currency translation

Monetary items denominated in foreign currency are translated at the exchange rate in effect at the year end. Investments, revenues and expenses are translated at the exchange rate in effect at the transaction date. Unrealized gains and/or losses arising on translation are charged to operations in the current year.

Cash and cash equivalents

Cash and cash equivalents in the cash flow statement consist of cash on hand and treasury bills with a maturity of 91 days or less from the date of acquisition.

3. CASH AND TREASURY BILLS

Cash and treasury bills, which comprise treasury bills and commercial paper, have an average effective interest rate of 2.9% (2000 - 6.1%) and an average remaining term to maturity of 80 days (2000 - 82 days). The Fund's investment policy states that securities investments must meet minimum investment standards of R-1, or R-2 high for Canadian grain companies, as rated by a recognized credit rating service.

Holdings for any one issuer, other than the Government of Canada or a Canadian province, are limited to 10% of the market value of the short-term portfolio.

4. ACCOUNTS RECEIVABLE

Accounts receivable is comprised of the following:

	(thousands of $) 2001	2000
Financed premiums receivable	$62,564	$50,953
Licence issuers receivable	4,459	5,333
Accrued investment income	4,493	4,781
Amount recoverable on paid claims	3,177	3,154
Other	9,065	4,568
Total accounts receivable	$83,758	$68,789

5. INVESTMENTS

The carrying value and fair value of the Fund's investments are as follows:

(thousands of $)

	2001		2000	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Bonds and debentures	$294,632	$302,002	$292,752	$299,890
Pooled bond fund	132,827	135,359	123,093	125,104
Common shares	139,233	168,815	112,906	145,566
Pooled equity fund	32,903	26,723	27,855	29,289
Mortgages	44,195	45,761	23,977	24,318
Income producing property	10,530	9,833	10,428	11,500
	654,320	688,493	591,011	635,667
Investment in SGI CANADA Insurance Services Ltd.	1,511	1,511	1,501	1,501
Total investments	$655,831	$690,004	$592,512	$637,168

The income producing property consists of land and buildings with costs of $1,451,000 (2000 - $1,451,000) and $9,617,000 (2000 - $9,446,000) respectively and accumulated amortization of $538,000 (2000 - $469,000).

Details of significant terms and conditions, exposures to interest rate and credit risks on investments are as follows:

(i) Bonds and debentures:

The Fund's investment policy limits its investment concentration in any one investee or related group of investees to 10% of the market value of the investment assets for corporate bonds and debentures and 20% for bonds and debentures issued by any one province. Also, a minimum of BBB is placed on the investment grade of bonds and debentures that may be purchased.

The carrying value and average effective interest rates are shown below by contractual maturity. Actual maturity may differ from contractual maturity because certain borrowers have the right to call or prepay obligations with or without call or prepayment penalties. The carrying values are essentially the same as the principal values and therefore the average effective rates are not materially different from the coupon rates. Interest is generally payable on a semi-annual basis.

(thousands of $)

	2001		2000	
Term to Maturity (years)	Carrying Value	Average Effective Rates	Carrying Value	Average Effective Rates
Government of Canada:				
After one through five	$ 63,209	5.5%	$ 80,404	5.8%
After five	95,713	5.9%	89,799	5.6%
Canadian provincial & municipal:				
After one through five	19,453	6.0%	14,373	5.9%
After five	28,355	6.2%	39,460	6.2%
Canadian corporate:				
One or less	500	5.8%	-	-
After one through five	38,874	6.6%	27,998	6.6%
After five	48,528	7.1%	40,718	7.0%
Total bonds & debentures	$294,632		$292,752	

Included in bonds and debentures above are bonds denominated in United States dollars with a carrying value of $732,000 (2000 - $1,738,000). Principal and interest is receivable on a semi-annual basis in United States dollars. In order to minimize the risk of foreign exchange fluctuations, the Fund has hedged this risk by purchasing United States dollar forward exchange contracts.

(ii) Pooled bond fund:

The Fund owns units in a pooled bond fund that has no fixed interest rate. Its returns are based on the success of the fund manager and future interest rates.

(iii) Pooled equity fund:

The Fund owns units in a pooled equity fund that has no fixed interest rate. Its returns are based on the success of the fund manager.

(iv) Common shares:

Common shares have no fixed maturity dates and are generally not exposed to interest rate risk. Dividends are generally declared on an annual basis. The average effective rate is 1.8% (2000 - 1.7%).

Common shares include $35,299,000 (2000 - $22,076,000) denoted in United States dollars.

The Fund's investment policy limits its investment concentration in any one investee or related group of investees to 10% of the market value of the Fund's common shares. As well, no one holding may represent more than 10% of the voting shares of any corporation.

(v) Mortgages:

The mortgage portfolio consists entirely of Canadian commercial mortgages with an average effective interest rate of 7.4% (2000 - 7.4%) with an average maturity of 5.4 years (2000 – 6.4 years). Principal and interest is receivable on a monthly basis.

6. NET INVESTMENT IN CAPITAL LEASES

One of the Fund's capital leases is a 63% interest in a lease agreement with Saskatchewan Property Management Corporation, a related party, for a term of 30 years (expiring March 2011) on property in Prince Albert, Saskatchewan. The related party total minimum lease payments receivable is $9,200,000 (2000 - $10,194,000), and unearned income is $3,218,000 (2000 - $3,839,000).

Each lease transfers substantially all of the benefits and risks incident with the ownership of the property to the lessee. The Fund's total net investment in capital leases includes the following:

	(thousands of $)	
	2001	2000
Total minimum lease payments receivable ($1,106,000 per year)	$ 9,440	$10,546
Unearned income	(3,242)	(3,887)
Net investment in capital lease	$ 6,198	$ 6,659

The fair value of the net investment in capital leases is $7,055,000 (2000 - $7,606,000).

7. CAPITAL ASSETS

The components of the Fund's investment in capital assets, as well as the related accumulated amortization, are as follows:

(thousands of $)

	2001			2000
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	$ 6,973	$ –	$ 6,973	$ 6,960
Buildings and improvements	40,872	12,253	28,619	18,641
Computer hardware, system costs and other equipment	27,416	21,732	5,684	5,849
Total	$75,261	$33,985	$41,276	$31,450

Amortization for the year is $3,943,000 (2000 - $4,569,000). Included in 2001 building costs is $11,665,000 for a new building under construction that has not begun to be amortized.

8. PROVISION FOR UNPAID CLAIMS

(i) Nature of unpaid claims:

The establishment of the provision for unpaid claims is based on known facts and interpretation of circumstances and is therefore a complex process influenced by a large variety of factors. Measurement of the provision is uncertain due to claims that are not reported to the Fund at the year-end date and therefore estimates are made as to the value of these claims. As well, uncertainty exists for reported claims that have not been settled, as all the necessary information may not be available at the balance sheet date.

Factors used to estimate the provision include: the Fund's experience with similar cases, historical trends involving claim payments, the characteristics of the class of business, claim severity and claim frequency such as those caused by natural disasters, the effect of inflation on future claims, court decisions and economic conditions. Time is also a critical factor in determining the provision, since the longer it takes to settle and pay a claim the more variable the ultimate settlement amount will be. Accordingly, short-tail claims such as damage claims tend to be more reasonably predictable than long-tail claims such as long-term disability and liability claims.

As a result, the establishment of the provision for unpaid claims relies on a number of factors and on the judgment and opinions of a large number of individuals, which necessarily involves risk that the actual results may differ materially from the estimates.

The Auto Fund settles some long-term disability claims by purchasing structured settlements from various financial institutions. As part of the settlement, the Fund provides a financial guarantee to claimants in the event the institutions default on scheduled payments. The net present value of these expected payments as of the balance sheet date total $24,623,000 (2000 - $24,452,000).

Included in the provision for unpaid claims are discounted amounts for injury accident benefits in the amount of $288,470,000 (2000 - $261,262,000). These claims have been discounted using a rate of 2.5% to 6% to take account of the time value of money and include a provision for adverse development.

Changes in the estimate for the provision for unpaid claims in 2001 and 2000 are as follows:

	(thousands of $)	
	2001	2000
Net unpaid claims - beginning of year	$586,848	$525,250
Payments made during the year relating to prior year claims	(141,753)	(125,708)
Deficiency (excess) relating to prior year estimated unpaid claims	(9,673)	328
Net unpaid claims for claims of prior years	435,422	399,870
Provision for claims occurring in the current year	192,057	186,978
Net unpaid claims - end of year	$627,479	$586,848

(ii) Type of unpaid claims:

The provision for unpaid claims is summarized by type of claim as follows:

	(thousands of $)	
	2001	2000
Injury accident benefits	$452,503	$404,210
Injury liability	121,893	124,205
Damage	53,083	58,433
Total	$627,479	$586,848

9. INVESTMENT EARNINGS

The components of investment earnings are as follows:

	(thousands of $)	
	2001	2000
Interest and dividends	$34,874	$38,398
Realized gains on sale of investments	6,473	31,743
Income from income producing property, net of operating costs of $805,000 (2000 - $814,000)	869	868
Income from capital leases	645	688
Investment write down	(1,471)	(2,641)
Total investment earnings	$41,390	$69,056

Cash inflows from the income producing property are $624,000 (2000 - $1,110,000).

10. OTHER INCOME

The Fund operates a salvage division in order to maximize the derived economic value of salvageable vehicles, vehicle parts and materials available through the claim settlement process. In 2001, total salvage sales were $21,841,000 (2000 - $21,582,000); gross earnings on sales were $7,304,000 (2000 - $7,617,000); and net earnings were $4,144,000 (2000 - $4,589,000). The net earnings of the salvage division are included in other income.

The Fund offers a Short-Term Vehicle Registration and Insurance plan which allows the motoring public to choose the number of months they wish to insure and register their vehicle. Another payment option, AutoPay, allows the motoring public to have equal monthly withdrawals made from their bank accounts for their vehicle registration and insurance. Included in other income is $12,018,000 (2000 - $11,418,000) for fees charged to users of these plans.

11. RELATED PARTY TRANSACTIONS

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies, boards and commissions related to the Fund by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan (collectively referred to as "related parties").

Routine operating transactions with related parties are settled at prevailing market prices under normal trade terms. Transactions and amounts outstanding at year-end are as follows:

	(thousands of $)	
Category	2001	2000
Accounts receivable	$ 3,444	$ 2,483
Deferred policy acquisition costs	9,778	9,144
Investments	5,869	5,103
Accounts payable and accrued charges	438	516
Premium taxes payable	23,271	21,424
Provision for unpaid claims	1,749	2,097
Unearned premiums	2,325	2,156
Premiums written	5,549	5,261
Premiums earned	5,416	5,133
Investment earnings	430	41
Claims incurred	17,272	16,778
Premium taxes	22,637	19,195
Administrative expenses	2,011	1,796
Traffic safety programs	1,774	1,765

Saskatchewan Government Insurance (SGI) acts as administrator of the Fund. Administrative and claim adjustment expenses incurred by SGI are allocated to the Fund and SGI directly or on the basis of specific distributions. Amounts incurred by SGI and charged to the Fund were $71,271,000 (2000 - $68,155,000) and accounts receivable are $3,059,000 (2000 accounts payable - $2,019,000).

Other related party transactions are described separately in the notes.

12. FAIR VALUES

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

(i) For the following financial instruments the carrying amounts approximate fair value due to the immediate or short-term nature of these financial instruments:

(a) cash and treasury bills
(b) accounts receivable
(c) accounts payable and accrued charges
(d) premium taxes payable

(ii) For the following financial instruments the fair values are considered to approximate quoted market values on recognized stock exchanges, based on the latest bid prices:

(a) bonds and debentures
(b) pooled bond fund
(c) common shares
(d) pooled equity fund

(iii) Mortgages

The fair value is calculated by discounting scheduled cash flows through to the estimated maturity of the mortgage using current interest rates.

(iv) Net investment in capital lease

The fair value is calculated by discounting scheduled cash flows through to the estimated expiration of the lease using current interest rates.

(v) Investment in SGI CANADA Insurance Services Ltd.

The fair value of the investment in SGI CANADA Insurance Services Ltd. is considered to approximate book value.

(vi) Provision for unpaid claims

The fair value of the provision for unpaid claims has been omitted because it is not practicable to determine fair value with sufficient reliability (note 8).

13. COMMITMENTS

The Fund has contractual obligations to provide funding to Saskatchewan health organizations for costs associated with research and rehabilitation for those injured in automobile accidents. The funding to be provided over the next five years is anticipated to be $10.8 million.

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Saskatchewan Centre of the Arts Fund as at March 31, 2002 and the statements of operations and changes in fund balances, and cash flows for the year then ended. The Centre's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred Wendel, CMA, CA
Provincial Auditor

Regina, Saskatchewan
May 24, 2002

Statement 1

SASKATCHEWAN CENTRE OF THE ARTS FUND
STATEMENT OF FINANCIAL POSITION
As at March 31

	2002				2001
	Operating Fund	Campaign Fund	Impresario Fund	Total	Total
ASSETS					
Current:					
Cash (Note 3)	$ ---	$ 84,983	$ ---	$ 84,983	$266,712
Accounts receivable (Note 3)	379,346	---	---	379,346	231,654
Inventory	49,915	---	---	49,915	52,757
	429,261	84,983	---	514,244	551,123
Capital assets (Note 4)	32,400	26,086	---	58,486	95,521
Total Assets	$ 461,661	$ 111,069	$ ---	$ 572,730	$646,644
LIABILITIES AND FUND BALANCES					
Current:					
Due to (from) other funds (Note 10)	$ 748,050	$ (592,146)	$ (155,904)	$ ---	$ ---
Accounts payable and accrued charges (Note 3)	392,359	---	---	392,359	455,591
Advance sales and deposits (Note 3)	132,970	---	---	132,970	191,695
	1,273,379	(592,146)	(155,904)	525,329	647,286
Fund balances:					
Invested in capital assets	$ 32,400	26,086	---	58,486	95,521
Externally restricted (Note 8)	---	617,130	---	617,130	479,143
Internally restricted (Note 9)	---	59,999	155,904	215,903	226,894
Unrestricted	(844,118)	---	---	(844,118)	(802,200)
Total Fund balances (Statement 2)	(811,718)	703,215	155,904	47,401	(642)
Total Liabilities and Fund Balances	$ 461,661	$ 111,069	$ ---	$ 572,730	$646,644

(See accompanying notes to the financial statements)

Statement 2

SASKATCHEWAN CENTRE OF THE ARTS FUND
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES
For the Year Ended March 31

	General Funds							Restricted (Note 8)	
	Operating Fund			Impresario Fund		Total		Campaign Fund	
	2002		2001	2002	2001	2002	2001	2002	2001
	Budget	Actual	Actual						
	(Note 6)	(Schedule 1)	(Schedule 1)						
Revenues	$ 3,345,220	$2,774,793	$ 3,287,750	$ 31,892	$ 25,689	$ 2,806,685	$ 3,313,439	$ ---	$ ---
Cost of sales	1,905,482	1,629,866	1,981,763	42,883	8,469	1,672,749	1,990,232	---	---
Gross Profit	1,439,738	1,144,927	1,305,987	(10,991)	17,220	1,133,936	1,323,207	---	---
Donations	---	---	---	---	---	---	---	164,500	41,207
Total revenues	1,439,738	1,144,927	1,305,987	(10,991)	17,220	1,133,936	1,323,207	164,500	41,207
Expenses:									
Salaries and benefits	1,194,563	1,086,894	1,122,442	---	---	1,086,894	1,122,442	---	---
Utilities	411,997	368,810	381,433	---	---	368,810	381,433	---	---
General and administration	159,500	121,269	147,770	---	---	121,269	147,770	---	---
Amortization	83,164	63,035	55,880	---	---	63,035	55,880	35,385	34,479
Total expenses	1,849,224	1,640,008	1,707,525	---	---	1,640,008	1,707,525	35,385	34,479
(Deficiency) excess of revenues over expenses before grant	(409,486)	(495,081)	(401,538)	(10,991)	17,220	(506,072)	(384,318)	129,115	6,728
Grant from the General Revenue Fund	425,000	425,000	425,000	---	---	425,000	425,000	---	---
(Deficiency)excess of revenues over expenses	$ 15,514	(70,081)	23,462	(10,991)	17,220	(81,072)	40,682	129,115	6,728
Fund balances, beginning of year		(741,637)	(765,099)	166,895	149,675	(574,742)	(615,424)	574,100	567,372
Fund balances, end of year (Statement 1)		$ (811,718)	$ (741,637)	$155,904	$166,895	$ (655,814)	$ (574,742)	$ 703,215	$ 574,100

(See accompanying notes to the financial statements)

Statement 3

SASKATCHEWAN CENTRE OF THE ARTS FUND
STATEMENT OF CASH FLOWS
As at March 31

	2002	2001
Cash flows from operating activities:		
(Deficiency) excess of revenues over expenses in General Funds (Statement 2)	$ (81,072)	$ 40,682
Items not affecting cash:		
Amortization in Operating Fund	63,035	55,880
Change in non-cash working capital:		
(Increase) decrease in accounts receivable	(147,692)	98,423
Decrease in inventory	2,842	7,482
(Decrease) increase in accounts payable and accrued charges	(63,232)	110,642
(Decrease) in advance sales and deposits	(58,725)	(112,272)
Cash flows (used in) from operating activities	(284,844)	200,837
Cash flows (used in) investing activities:		
Purchase of capital assets	(61,385)	(40,362)
Cash flows from financing activities:		
Donations	164,500	41,207
Net (decrease) increase in cash	(181,729)	201,682
Cash, beginning of year	266,712	65,030
Cash, end of year	$ 84,983	$ 266,712

(See accompanying notes to the financial statements)

SASKATCHEWAN CENTRE OF THE ARTS FUND
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2002

1. Status of Centre

The Board of the Saskatchewan Centre of the Arts was established by *The Saskatchewan Centre of the Arts Act, 2000,* to maintain, operate and manage the Saskatchewan Centre of the Arts in Regina. The Act also established the Saskatchewan Centre of the Arts Fund through which all financial transactions are conducted which relate to accomplishing the purposes of the Act.

The activities of the Saskatchewan Centre of the Arts are dependent on funding from the General Revenue Fund.

2. Significant Accounting Policies

These financial statements have been prepared using Canadian generally accepted accounting principles for not-for-profit organizations. The Saskatchewan Centre of the Arts Fund follows the restricted fund method of accounting for contributions. The Saskatchewan Centre of the Arts Fund (Fund) is comprised of three funds; two of these funds do not have external restrictions while the other is subject to external restrictions.

The Operating Fund accounts for the organization's primary operating activities. This fund reports unrestricted resources and holds capital assets (see Note 4).

The Impresario Fund has no external restrictions and is used for supporting and promoting the arts. Management needs the Board's approval to spend the assets of this fund.

The Campaign Fund reports assets (see Note 4), liabilities, revenues and expenses related to the Centre's campaign to raise funds to begin to address replacement of its programming equipment and the rejuvenation of the overall appearance of the Centre. The Campaign Fund reports resources contributed to this capital asset campaign.

The following accounting policies are considered to be significant:

a) Revenue Recognition

For the General Funds, revenue is recognized at the date of the performance and is recorded net of payments to promoters.

Donations externally restricted to the Campaign Fund are recorded as revenue when collection is certain.

b) Grant from the General Revenue Fund

The grant provided from the General Revenue Fund through the Department of Culture, Youth and Recreation is recorded in the year received or receivable.

c) Capital Assets

Capital assets are recorded at cost. Amortization is provided for using the straight-line method over the expected useful life (ranges from 3 to 5 years) of the capital asset, with a full year's amortization taken in the year of acquisition. The Centre capitalizes capital assets costing more than $1,000. Capital assets costing less than $1,000 are expensed in the year of acquisition.

Amortization is recorded in the fund where the related capital assets reside.

d) Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined on a first in, first out basis.

e) Cash

Cash consists of balances with the bank.

3. Financial Instruments

The Centre's financial instruments include cash, accounts receivable, accounts payable and accrued charges, and advance sales and deposits. These items have a fair value that approximates their carrying value due to the immediate or short-term nature of these financial instruments.

The Centre is exposed to credit risk from potential non-payment of accounts receivable. Most of the receivables were received shortly after year-end reducing the credit risk.

4. Capital Assets

a) Operating Fund

	2002			2001
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Theatre equipment	$ 365,447	$ 359,806	$ 5,641	$ 16,338
Convention & catering equipment	128,531	125,138	3,393	7,697
Office equipment	212,771	205,405	7,366	11,571
Building equipment	849,786	833,786	16,000	15,591
Bar equipment	94,315	94,315	---	9,366
	$ 1,650,850	$ 1,618,450	$ 32,400	$ 60,563

b) Campaign Fund

	2002			2001
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Theatre equipment	$ 117,896	$ 91,810	$ 26,086	$ 32,347
Convention & catering equipment	7,834	7,834	---	2,611
Building equipment	4,219	4,219	---	---
	$ 129,949	$ 103,863	$ 26,086	$ 34,958

5. Building and Site

The building and site have been leased by the Saskatchewan Property Management Corporation (SPMC) to the Saskatchewan Centre of the Arts for an annual rental of one dollar. The fair value of the building and site is not reasonably determinable. The terms of the lease provide for the Centre to keep the building, and all other property contained therein, in good repair and condition with the provision that any major maintenance, renovations and construction project costing in excess of $5,000 shall be the responsibility of SPMC. In addition, SPMC is responsible for charges by the Wascana Centre for services to the land and building as stipulated under *The Wascana Centre Act*. The current lease agreement expires July 31, 2003.

6. Budget

These amounts represent the budget approved by the Centre's Board of Directors on May 23, 2001.

7. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies, board and commissions related to the Centre by virtue of common control of the Government of Saskatchewan (collectively referred to as "related parties"). Also, the Centre is related to non-crown enterprises that the Government jointly owns or significantly influences.

Routine operating transactions with related parties are settled on normal trade terms. The following table summarizes the significant routine related party transactions for the year.

	2002	2001
Accounts receivable	$ 31,381	$ 13,104
Accounts payable & accrued charges	63,480	64,997
Revenues	348,623	203,865
Expenses:		
Utilities	413,758	411,487
Supplies, services and maintenance	12,307	12,949
Salaries and benefits	161,170	146,325

Other transactions and amounts due to and from related parties are described separately in the financial statements and the notes thereto.

In addition, the Centre pays Provincial Sales Tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

8. External Restrictions

In 1996, the Centre launched the Campaign Fund to raise funds to begin to address replacement of its capital assets including programming equipment and rejuvenation of the overall appearance of the Centre. The Centre has raised $747,080 (2001 - $582,580) to date from external sources for the Campaign Fund. To date, the Centre has used $129,950 (2001 - $103,437) from the Campaign Fund to purchase capital assets. The balance, $617,130 (2001 - $479,143), remains externally restricted to acquire capital assets and to rejuvenate the overall appearance of the Centre. However, per *The Saskatchewan Centre of the Arts Act, 2000*, Section 24 (7) states that the Board is not bound by the directions of any person making a contribution to a restricted fund.

9. Internally Restricted Funds

The Board of Directors has restricted the use of $59,999 (2001 - $59,999) of the net assets available in the Campaign Fund and $155,904 (2001 - $166,895) of the net assets available in the Impresario Fund. Accordingly, these net assets are not available for Operating Fund purposes without the approval of the Board.

10. Due to (from) Other Funds

The Centre used net assets of the Campaign Fund and the Impresario Fund to finance activities in the Operating Fund. At March 31, 2002 the Operating Fund owed $748,050 (2001 - $439,325) to the Campaign and Impresario Funds. The Operating Fund does not pay interest on these amounts and no formal arrangements, including repayment terms, are in place for these loans.

11. Comparative Information

Certain comparative figures have been reclassified to conform with the current year's presentation.

Schedule 1

SASKATCHEWAN CENTRE OF THE ARTS FUND
SCHEDULE OF REVENUE AND COST OF SALES FOR THE OPERATING FUND
For the Year Ended March 31

	2002		2001
	Budget (Note 6)	Actual	Actual
Revenue:			
Catering	$ 1,209,000	$ 1,151,343	$ 1,276,402
Service charges	835,000	558,267	845,779
Rentals	561,000	473,889	478,417
Refreshment bar	436,000	330,502	398,004
Commissions	175,000	145,726	149,320
Office rental	53,220	53,426	53,220
Car park	---	11,419	10,534
Sundry	36,000	25,534	34,206
Coat check	21,000	21,407	22,455
Investment income	19,000	3,280	19,413
Total revenue (Statement 2)	3,345,220	2,774,793	3,287,750
Cost of sales:			
Salaries and benefits	939,762	786,550	910,463
Food and beverages	544,370	485,943	519,459
Supplies, services and maintenance	308,200	270,236	423,375
Other	113,150	87,137	128,466
Total cost of sales (Statement 2)	1,905,482	1,629,866	1,981,763
Gross profit (Statement 2)	$ 1,439,738	$ 1,144,927	$ 1,305,987

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of The Saskatchewan Legal Aid Commission as at March 31, 2002 and the statements of operations and changes in net assets, and cash flows for the year then ended. The Commission's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
May 16, 2002

Fred Wendel, CMA, CA
Provincial Auditor

Statement 1

THE SASKATCHEWAN LEGAL AID COMMISSION
STATEMENT OF FINANCIAL POSITION
As at March 31

	2002	2001
ASSETS		
Current		
Cash	$ 302,295	$ 740,007
Accounts receivable	184,444	8,403
Prepaid expense	83,243	83,703
Total current assets	569,982	832,113
Capital assets (Note 4)	481,034	519,964
	$ 1,051,016	$ 1,352,077
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 5)	$ 744,776	$ 846,113
NET ASSETS		
Investment in capital assets fund	481,034	519,964
Unrestricted	(174,794)	(14,000)
	306,240	505,964
	$ 1,051,016	$ 1,352,077

(See accompanying notes to the financial statements)

Statement 2

THE SASKATCHEWAN LEGAL AID COMMISSION
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
Year Ended March 31

	2002				2001
	Operating Fund Budget	Operating Fund Actual	Investment In Capital Assets Fund Actual	Total	Total
Revenue: (Note 2)					
Department of Justice	$11,413,000	$11,415,000	$ —	$11,415,000	$10,897,000
Grants	124,350	204,032		204,032	—
Other	153,506	124,640	—	124,640	155,207
	11,690,856	11,743,672	—	11,743,672	11,052,207
Expenses:					
Salaries and employee benefits	8,454,986	8,428,675	—	8,428,675	7,887,466
Central Office administrative (Schedule 1)	357,116	376,684	16,646	393,330	313,729
Area Office administrative and operating expenses (Schedule 1)	1,258,234	1,268,389	166,204	1,434,593	1,453,468
Provision of legal services	771,000	1,073,416	—	1,073,416	689,977
Other legal expenses	176,020	162,172	—	162,172	183,180
Travel	434,500	439,591	—	439,591	418,556
Loss on disposal of fixed assets	---	---	11,619	11,619	4,654
	11,451,856	11,748,927	194,469	11,943,396	10,951,030
Excess (deficiency) of revenue over expenses	239,000	(5,255)	(194,469)	(199,724)	101,177
Fund Balances, beginning of year	(14,000)	(14,000)	519,964	505,964	404,787
Transfer between funds (Note 12)	(225,000)	(155,539)	155,539	—	—
Fund Balances, end of year	$ —	$ (174,794)	$ 481,034	$ 306,240	$ 505,964

(See accompanying notes to the financial statements)

Statement 3

THE SASKATCHEWAN LEGAL AID COMMISSION
STATEMENT OF CASH FLOWS
As at March 31

	2002	2001
Cash provided by (used in)		
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses Operating Fund (Statement 2)	$ (5,255)	$ 324,394
Net change in non-cash working capital (note 9)	(276,918)	138,207
Net cash provided by operating activities	(282,173)	462,601
INVESTING ACTIVITIES		
Purchase of Capital Assets	(155,539)	(260,737)
Net increase (decrease) in cash	(437,712)	201,864
Cash, beginning of year	740,007	538,143
Cash, end of year	$ 302,295	$ 740,007

(See accompanying notes to the financial statements)

THE SASKATCHEWAN LEGAL AID COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2002

The Legal Aid Act came into force on September 1, 1983 by Order in Council 1275/83 and continued The Saskatchewan Community Legal Services Commission as a body corporate under the name of The Saskatchewan Legal Aid Commission. The purpose of the Commission is to provide legal services to persons and organizations for criminal and civil matters where those persons and organizations are financially unable to secure those services from their own resources.

1. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

a) Fund Accounting

The Commission follows the restricted fund method of accounting for contributions. For financial reporting purposes, the following major funding groups are:

Operating Fund (unrestricted assets)

The Operating Fund reflects the primary operations of the Commission including revenue from the Department of Justice for the provision of legal services.

Investment in Capital Assets Fund (restricted assets)

Investment in Capital Assets Fund reflects the equity of the Commission in capital assets. This fund includes any grants designated for the acquisitions of capital assets. The Commission also imposes a restriction that any capital purchases made with operating funds are recorded as an interfund transfer. Expenses consist primarily of amortization of capital assets.

b) Capital Assets

Capital assets are recorded at cost. Normal repairs and maintenance are expensed as incurred. The capital assets are reduced annually by an amount representing the consumed cost of the asset calculated as follows:

Office Equipment and Furniture	14 2/7% per annum
Library	33 1/3% per annum

2. Revenues

The following are included in revenue:

a) Unrestricted contributions are recognized as revenue of the operating fund in the year received or receivable.

Other revenue is comprised of client contributions, cost recoveries, interest, and miscellaneous receipts.

b) Restricted contributions related to capital assets are recognized as revenue of the investment in capital assets fund in the year received or receivable.

3. Pension Plan

The Commission participates in a defined contribution pension plan for the benefit of its employees. The Commission's financial obligation to The Staff Pension Plan for Employees of The Saskatchewan Legal Aid Commission (Plan) is limited to making regular payments to match the amounts contributed by the employees for current service. The Commission's annual pension expense for 2002 amounted to $389,696 (2001 - $357,657).

The Plan is administered and sponsored by a joint trustees arrangement. The joint trustees consist of four members, two appointed by the Commission and two appointed by C.U.P.E. Local 1949. The Commission provides day-to-day administration for the Trustees without charge to the Plan. The administration expenses of the Plan are initially paid by the Commission and are subsequently refunded by the Plan. As at March 31, 2002, the Plan owed the Commission $nil (2001 - $nil).

4. Capital Assets

Capital assets are comprised of the following amounts:

	2002			2001		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Office equipment and furniture	$ 1,119,095	$ 688,099	$430,996	$1,086,220	$ 632,868	$ 453,352
Library	1,087,555	1,037,517	50,038	1,074,909	1,008,297	66,612
	$ 2,206,650	$ 1,725,616	$ 481,034	$2,161,129	$ 1,641,165	$ 519,964

5. Accounts Payable and Accrued Liabilities

	2002	2001
Supplies and services	$ 95,247	$ 49,354
Accrued private solicitors' fees	514,137	469,267
Employee salaries and benefits	135,392	327,492
	$ 744,776	$ 846,113

6. Measurement Uncertainty

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of accounts payable and accrued liabilities at the date of the financial statements and the reported amount of expenses during the reported period. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

7. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown Corporations, departments, agencies, boards and commissions related to the Commission by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan (collectively referred to as "related parties").

Facilities, vehicle rentals, office supplies, and miscellaneous office services are acquired from a related party. These transactions are recorded at rates, which are determined primarily on the basis of recovery of the costs incurred by the related party. These transactions and amounts outstanding at year end are as follows:

	2002	2001
Expenses	$ 996,095	$ 984,259
Accounts payable	14,627	19,962
Accounts receivable	116,000	—

Other operating transactions with related parties are settled at prevailing market prices under normal trade terms. These transactions and amounts outstanding at year end are as follows:

	2002	2001
Expenses	$ 284,332	$ 364,594
Other Revenue	26,487	—
Accounts payable	10,981	2,873

In addition, the Commission pays Provincial Sales Tax on all its taxable purchases. The Commission also received transcripts without charge from the Department of Justice, Transcript Services.

During the year, the Commission made a payment in the amount of $21,155 (2001 - $21,155) to the Saskatchewan Legal Aid Commission Benefit Plan Surplus Fund. The intent of this fund is to cover increased premium costs of the extended health care benefits for members of C.U.P.E. Local 1949 in accordance with the Collective Bargaining Agreement. The increased premium costs are initially paid by the Commission and for 2002 the Fund reimbursed the Commission $36,649 (2001 - $15,638) for the increased premium costs.

Other transactions with related parties and amounts due to or from them are described separately in these financial statements and the notes thereto.

8. The Law Foundation of Saskatchewan Legal Aid Endowment Fund Trust

In March 2002, a Trust Deed was made between the Law Foundation of Saskatchewan and the Trustees of The Law Foundation of Saskatchewan Legal Aid Endowment Fund Trust. The Trust has been established with an endowment to assist in the Commission's mandate by:

a) improving access to justice for persons whose own financial resources are inadequate;
b) enhancing the ability of all Commission employees to provide legal aid service to clients, including education, research and the acquisition of research, teaching and library materials by the Commission;
c) providing funds for research in legal and social areas related to legal aid and access to justice; or
d) assisting otherwise in the Commission's mandate in ways not traditionally covered by government funding, and with particular emphasis on novel or innovative programs or delivery methods.

An endowment amount of $1,080,000 has been provided to the trust and only the net income from the trust is available for the beneficiaries.

The trust has five trustees, three of which are members of the Commission. They include:

- The Chair of The Saskatchewan Legal Aid Commission
- A commissioner of The Saskatchewan Legal Aid Commission, appointed by the Law Society of Saskatchewan
- A commissioner of The Saskatchewan Legal Aid Commission, appointed by the Minister of Justice (Saskatchewan)

The Commission has authorized the utilization of its staff as may be reasonably required from time to time to provide administrative support to the trust at no fee.

9. Net Change in Non-Cash Working Capital Balances Related to Operations

	2002	2001
Decrease (increase) in accounts receivable	$ (176,041)	$ 58,046
Decrease in prepaid expenses	459	4,078
Increase (decrease) in accounts payable and accrued liabilities	(101,336)	76,083
Net change in non-cash working capital balances related to operations	$ (276,918)	$ 138,207

10. Financial Instruments

Financial instruments consist of:

Cash
Accounts receivable
Accounts payable

a) Significant terms and conditions

There are no significant terms and conditions related to financial instruments that may affect the amount, timing and certainty of future cash flows.

b) The carrying value of the financial instruments approximate fair value due to their immediate or short-term nature.

11. Budget

These amounts represent the budget approved by members of The Saskatchewan Legal Aid Commission.

12. Interfund Transfers

The Commission internally restricted and transferred from the Operating Fund to the Capital Fund $155,539 (2001 - $260,737) for the purchase of capital assets.

Schedule 1

THE SASKATCHEWAN LEGAL AID COMMISSION
SCHEDULE OF ADMINISTRATIVE AND OPERATING EXPENSES
Year Ended March 31

	2002		2001
Central Office Administrative	Budget	Operating Fund Actual	Operating Fund Actual
Leased accommodation	$ 42,285	$ 35,603	$ 37,113
Telephone	20,752	14,610	17,186
Computer Maintenance and Support	13,372	25,321	80,641
Postage	7,200	7,916	7,355
Stationery and office supplies	10,000	7,322	8,446
Periodicals	3,690	3,401	3,690
Photocopying	3,602	3,618	4,031
Other operating expenses	256,215	278,893	110,932
Total Central Office Administrative	$ 357,116	$ 376,684	$ 269,394

Area Office Administrative and Operating Expenses

Leased accommodation	$ 732,715	$ 732,012	$ 725,543
Telephone	149,248	129,688	169,732
Computer Maintenance and Support	96,128	64,851	79,172
Postage	34,800	31,321	30,457
Stationery and office supplies	80,000	72,593	81,569
Periodicals	36,310	22,875	35,330
Photocopying	39,398	38,362	35,980
Other operating expenses	89,635	176,687	121,457
Total Area Office Administrative and Operating Expenses	$ 1,258,234	$ 1,268,389	$ 1,279,240

AUDITORS' REPORT

To: Members of the Legislative Assembly
Province of Saskatchewan

We have audited the statement of financial position of **Saskatchewan Lotteries Trust Fund for Sport, Culture and Recreation** as at March 31, 2002 and the statements of changes in restricted fund balances, operations and cash flows for the year then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of **Saskatchewan Lotteries Trust Fund for Sport, Culture and Recreation** as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The previous year's financial statements were audited by another firm of Chartered Accountants.

Virtus Group LLP

Chartered Accountants
Regina, Canada
May 10, 2002

Saskatchewan Lotteries Trust Fund For Sport, Culture and Recreation

Statement of Financial Position

March 31, 2002 with comparative figures for 2001

		2002		2001
Assets				
Current assets:				
Cash	$	3,454,654	$	6,599,885
Accrued interest receivable		654,875		596,025
Due from Province of Saskatchewan		380,658		-
Due from Western Canada Lottery - Saskatchewan Division Inc.		7,829,966		8,634,542
		12,320,153		15,830,452
Investments (note 3)		23,842,342		21,191,927
	$	36,162,495	$	37,022,379
Liabilities and Restricted Fund Balances				
Current liabilities:				
Accounts payable	$	22,698	$	136,938
Grants payable (note 4)		14,868,026		14,939,879
		14,890,724		15,076,817
Restricted fund balances: (note 1)				
Canada Games Program		4,613,327		3,097,725
Community Grant Program		549,961		574,762
Culture		5,748,268		6,537,794
Recreation		2,782,542		3,044,379
Sport		7,577,673		8,690,902
		21,271,771		21,945,562
	$	36,162,495	$	37,022,379

See accompanying notes to financial statements.

On behalf of the Board:

______________________ Director

______________________ Director

Saskatchewan Lotteries Trust Fund For Sport, Culture and Recreation

Statement of Changes in Restricted Fund Balances

Year ended March 31, 2002 with comparative figures for 2001

						2002	2001
	Canada Games Program	Community Grant Program	Culture	Recreation	Sport	Total	Total
Fund balance, beginning of year	$ 3,097,725	$ 574,762	$ 6,537,794	$ 3,044,379	$ 8,690,902	$ 21,945,562	$ 17,882,053
Transfers between funds	-	(250,000)	87,500	37,500	125,000	-	-
	3,097,725	324,762	6,625,294	3,081,879	8,815,902	21,945,562	17,882,053
Allocation of funds available for granting	1,500,000	4,820,000	7,631,430	3,270,613	9,402,042	26,624,085	30,203,114
Grants approved (net of returns)	15,602	(4,594,801)	(8,508,456)	(3,569,950)	(10,640,271)	(27,297,876)	(26,139,605)
Increase (decrease) in fund balance	1,515,602	225,199	(877,026)	(299,337)	(1,238,229)	(673,791)	4,063,509
Fund balance, end of year	$ 4,613,327	$ 549,961	$ 5,748,268	$ 2,782,542	$ 7,577,673	$ 21,271,771	$ 21,945,562

See accompanying notes to financial statements.

Saskatchewan Lotteries Trust Fund For Sport, Culture and Recreation

Statement of Operations

Year ended March 31, 2002 with comparative figures for 2001

	2002	Budget 2002	2001
Transfer of net lottery profits from Western Canada Lottery - Saskatchewan Division Inc. (Schedule 1)	$ 41,056,024	$ 40,092,017	$ 45,064,729
Directed payments: (note 5)			
Federal payment	1,744,529	1,798,080	1,788,668
Former distributors	1,494,320	1,500,000	1,491,280
Mackenzie Art Gallery	275,000	275,000	-
Payment to the General Revenue Fund	11,536,342	11,600,000	12,204,916
Saskatchewan Exhibition Association	310.000	310.000	310.000
	15,360,191	15,483,080	15,794,864
Lottery profits after directed payments	25,695,833	24.608,937	29,269,865
Interest income	1,344.172	1,133.500	1,324,488
Administration expenses (Schedule 2)	415.920	429.633	391.239
Funds available for granting	26,624,085	25,312,804	30.203.114
Grants approved	27,297,876	27.183,288	26.139.605
Increase (decrease) in fund balance	$ (673.791)	$ (1.870.484)	$ 4.063.509

See accompanying notes to financial statements.

Saskatchewan Lotteries Trust Fund For Sport, Culture and Recreation

Statement of Cash Flows

Year ended March 31, 2002 with comparative figures for 2001

	2002	2001
Cash provided by (used in):		
Operating activities:		
Increase (decrease) in fund balance	$ (673,791)	$ 4,063,509
Item not affected by cash:		
Bond premium (discount) amortization	(47,083)	(33,109)
Net change in non-cash working capital items:		
Accrued interest receivable	(58,850)	(150,416)
Due from Province of Saskatchewan	(380,658)	-
Due from Western Canada Lottery - Saskatchewan Division Inc.	804,576	(261,163)
Accounts payable	(114,240)	(1,186,621)
Grants payable	(71,853)	(26,691)
	(541,899)	2,405,509
Investing activities:		
Purchase of investments	(15,811,716)	(23,628,981)
Proceeds from disposal of investments	13,208,384	22,367,505
	(2,603,332)	(1,261,476)
Increase (decrease) in cash during the year	(3,145,231)	1,144,033
Cash, beginning of year	6,599,885	5,455,852
Cash, end of year	$ 3,454,654	$ 6,599,885

See accompanying notes to financial statements.

Saskatchewan Lotteries Trust Fund For Sport, Culture and Recreation

Notes to Financial Statements
March 31, 2002

1. **Nature of operations:**

The Saskatchewan Lotteries Trust Fund for Sport, Culture and Recreation was established pursuant to the Interprovincial Lotteries Act and an agreement between the Minister of Culture, Youth and Recreation for the Province of Saskatchewan and Sask Sport Inc. Under the terms of the agreement, Sask Sport Inc. has been designated as the provincial marketing organization to sell Western Canada Lottery Corporation lottery tickets in Saskatchewan. Sask Sport Inc. has established the Western Canada Lottery - Saskatchewan Division Inc. to market, and Sask Sport Distributors Inc. to distribute these tickets on its behalf.

The net lottery profits are transferred to the Saskatchewan Lotteries Trust Fund for Sport, Culture and Recreation (the Trust) and are detailed in Schedule 1 to these financial statements. The agreement requires that the Trust shall distribute the net profits to eligible organizations designated by the Province of Saskatchewan. These net profits are distributed 50% to sport, 35% to culture and 15% to recreation groups. Each section contributes funds to the Saskatchewan Lotteries Community Grant Program in the same percentage as above. The sport section alone contributes funds to the Canada Games Program.

This lottery agreement also requires Sask Sport Inc., as designated provincial marketing organization for lottery tickets, to pay out of the Trust directed payments as described in note 5.

2. **Significant accounting policies:**

Investments:

Investments are valued at cost, less any provisions for permanent impairment in value.

Grants and directed payments:

Grants are recognized by the Trust when a completed grant application is received from an eligible organization, the application is approved by the Trust and all criteria have been met by the applicant. Directed payments are recognized by the Trust as required by the lottery agreement.

Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates. Differences are reflected in current earnings when identified.

Saskatchewan Lotteries Trust Fund For Sport, Culture and Recreation

Notes to Financial Statements

March 31, 2002

3. **Investments:**

Investments at March 31 consist of:

	2002		2001	
	Carrying Amount	Market Value	Carrying Amount	Market Value
Guaranteed Investment Certificates and Bankers Acceptances	$21,666,641	$22,481,005	$19,991,927	$20,687,293
Province of Saskatchewan Bonds	-	-	1,200,000	1,245,773
Brandes Investment Partners	159,193	165,782	-	-
Greystone Managed Investments	2,016,508	2,158,848	-	-
	$23,842,342	$24,805,635	$21,191,927	$21,933,066

Guaranteed investment certificates and bankers acceptances mature between July 22, 2002 and January 28, 2007 (2001 - April 2, 2001 and October 15, 2004) and have effective interest rates ranging from 2.3% to 6.24% (2001 - 5.3% to 6.24%). Brandes Investment Partners and Greystone Managed Investments consist of managed equity instruments with no specified rate of return or maturity.

4. **Grants payable:**

	2002	2001
Sport	$ 7,008,559	$ 7,363,199
Culture	1,774,369	1,736,628
Recreation	1,442,770	1,466,770
Community Grant Program	4,642,328	4,373,282
	$14,868,026	$ 14,939,879

5. **Directed Payments:**

Under the terms of the lottery agreement, which expires on March 31, 2003, with the Minister of Culture, Youth and Recreation for the Province of Saskatchewan, the Trust is required to make the following payments to:

- Sask Sport Distributors Inc. to cover the distributor payments made to those volunteer non-profit organizations that previously acted as ticket distributors. This amounted to $1,494,320 (2001 - $1,491,280) during the current year. Of this amount, Sask Sport Inc., as a former ticket distributor, received $358,560 (2001 - $358,560) during the current year.
- the Federal Government which, under an agreement dated September 23, 1979 with the Inter-provincial Lottery Corporation, withdrew from the lottery field in exchange for $24,000,000 annually, in 1979 dollars. Saskatchewan's share of this payment, for the year ended March 31, 2002, was $1,744,529 (2001 - $1,788,668).
- the Saskatchewan Exhibition Association in the amount of $310,000 (2001 - $310,000) for the current year.

Saskatchewan Lotteries Trust Fund For Sport, Culture and Recreation

Notes to Financial Statements

March 31, 2002

5. **Directed Payments: (continued)**

- the General Revenue Fund of the Province of Saskatchewan a payment of 9.5% of net lottery ticket sales less a directed payment to the Mackenzie Art Gallery of $275,000 (2001 - nil). During the current year $11,536,342 (2001 - $12,204,916) was paid.

6. **Related party transactions:**

Sask Sport Inc., as a sport federation, received a grant from the Trust of $427,446 (2001 - $427,446 plus $50,000 for a special project) during the current year, to provide programs and services to its member sport organizations. Sask Sport Inc. also received $14,875 (2001 - $14,570) as a fee for providing office equipment for use during the current year.

The Administration Centers for Sport, Culture and Recreation (1989) Inc., a wholly owned subsidiary of Sask Sport Inc., provides office space and administrative services for non-profit sport, culture and recreation associations and received a grant from the Trust of $250,000 (2001 - $270,000) during the current year. In addition, the Trust paid to the Administration Centers for Sport, Culture and Recreation (1989) Inc. $36,070 (2001 - $34,764) for office space and services.

These transactions are in the normal course of operations and are recorded at the exchange amount which is the amount of consideration established and agreed to by the related parties. Other related party transactions are disclosed separately in these financial statements.

Saskatchewan Lotteries Trust Fund For Sport, Culture and Recreation

Schedule 1 - Net Lottery Profits

Year ended March 31, 2002 with comparative figures for 2001

	2002	Budget 2002	2001
Lottery ticket sales	$ 124,329,920	$ 125,000,000	$ 128,472,796
Revenue and expense items paid by the Western Canada Lottery Corporation:			
Prizes	(62,809,020)	(63,942,487)	(64,408,288)
Administration and ticket printing	(9,875,037)	(10,485,219)	(8,555,363)
Retailer commissions	(7,245,946)	(7,170,300)	(7,469,152)
Federal and provincial taxes	(1,379,596)	(1,323,817)	(1,290,900)
Interest income	384,384	486,980	603,858
Lottery profits transferred from the Western Canada Lottery Corporation	43,404,705	42,565,157	47,352,951
Provincial interest and other income	231,724	231,200	229,333
Provincial distribution expenses (note 1)	(1,567,299)	(1,669,443)	(1,521,774)
Provincial marketing expenses (note 1)	(1,013,106)	(1,034,897)	(995,781)
Net lottery profits	$ 41,056,024	$ 40,092,017	$ 45,064,729

Schedule 2 - Administration Expenses

Year ended March 31, 2002 with comparative figures for 2001

	2002	Budget 2002	2001
Committee meetings	$ 5,487	$ 10,030	$ 6,811
Equipment expense	14,875	14,600	14,570
Goods and services tax	3,981	4,951	4,514
Insurance	3,992	4,620	3,967
Office supplies	9,306	10,500	10,158
Postage	4,458	5,000	4,820
Printing	5,895	5,500	4,886
Professional fees	64,666	71,310	55,373
Rent	23,763	23,900	23,042
Repairs and maintenance	1,380	1,750	2,537
Salaries and benefits	270,159	264,572	251,349
Telephone	6,648	7,900	7,196
Travel	1,310	5,000	2,016
Total administration expenses	$ 415,920	$ 429,633	$ 391,239

See accompanying notes to financial statements.

Sask. Lotteries Trust Fund

Transfers

Listed by program, are transfers to recipients who received $5,000 or more.

Community Grant Program

Aberdeen, Town of	$	6,231
Agency Chiefs Tribal Council		20,000
Ahtahkakoop Band		8,795
Air Ronge, Northern Village		6,077
Allan, Town of		5,329
Asquith, Town of		7,299
Assiniboia, Town of		19,520
Athabasca Denesuline		40,000
Athabasca Regional Recreation Assoc.		34,824
Balcarres, Town of		5,477
Balgonie, Town of		10,418
Battleford, Town of		25,893
Battlefords Tribal Council		31,250
Beardy's & Okemasis Band		8,579
Beaver River Regional Recreation Authority		33,554
Bethune, Village of		5,217
Bienfait, Town of		6,575
Big River First Nation		11,792
Big River, Town of		8,938
Biggar, Town of		19,459
Birch Hills, Town of		10,599
Black Lake Band		7,785
Broadview, Town of		6,588
Bruno, Town of		6,083
Buffalo Narrows, Northern Village		6,687
Cabri, Town of		5,042
Canora, Town of		15,024
Canwood, Village of		5,361
Carlyle, Town of		10,135
Carnduff, Town of		8,815
Caronport, Village of		7,283
Carrot River, Town of		12,078
Central Butte, Town of		5,344
Churchbridge, Town of		7,657
Churchill River @ StanMis		7,842
Clavet, Village of		5,914
Clearwater Regional Recreation Assoc.		34,134
Coronach, Town of		7,471
Creighton, Northern Town		10,878
Cudworth, Town of		6,960
Cumberland House, N. Village		5,309
Cupar, Town of		5,340
Cut Knife, Town of		5,990
Dalmeny, Town of		13,134
Davidson, Town of		10,191
Debden, Village of		5,823
Delisle, Town of		10,455
Dundurn, Town of		5,381
Eastend, Town of		6,806
Eatonia, Town of		5,838
Elrose, Town of		6,142
Esterhazy, Town of	$	18,762
Estevan, City of		45,696
Eston, Town of		9,647
File Hills Qu'Appelle Tribal Council		31,250
Foam Lake, Town of		11,891
Fort Qu'Appelle, Town of		18,003
Gordon First Nation		6,540
Grand Coulee, Village of		6,622
Gravelbourg, Town of		7,690
Grenfell, Town of		9,573
Gull Lake, Town of		11,984
Hague, Town of		8,759
Hatchet Lake Band		5,486
Hepburn, Village of		5,080
Herbert, Town of		8,591
Hudson Bay, Town of		11,957
Humboldt, City of		29,442
Ile a la Crosse, Northern Village		9,385
Imperial, Town of		5,638
Indian Head, Town of		12,783
Ituna, Town of		7,927
Kamsack, Town of		17,424
Kawacatoose First Nation		6,947
Kelvington, Town of		10,229
Kerrobert, Town of		9,091
Kindersley, Town of		27,000
Kipling, Town of		9,049
Kitsaki @ LaRonge		12,338
Kyle, Town of		6,382
La Ronge, Town of		18,821
Langenburg, Town of		10,370
Langham, Town of		11,481
Lanigan, Town of		9,834
Lashburn, Town of		7,518
Leader, Town of		6,884
Leask, Village of		5,674
Lloydminster, City of		42,453
Lumsden, Town of		13,910
Luseland, Town of		6,198
Macklin, Town of		10,820
Maidstone, Town of		8,646
Maple Creek, Town of		19,720
Marshall, Village of		5,499
Martensville, Town of		25,878
Meadow Lake Tribal Council		31,250
Meadow Lake, Town of		36,610
Melfort, City of		30,523
Melville, City of		28,933
Meota, Village of		5,140
Milestone, Town of		5,167
Mistawasis First Nation		6,312
Montmartre, Village of		5,052
Montreal Lake Band		7,175
Moose Jaw, City of		79,135
Moosomin Indian Band		5,632
Moosomin, Town of		17,207
Mossbank, Town of		5,149
Naicam, Town of		7,420
Neilburg, Village of		5,824
Neyanun Regional Recreation Assoc.		37,911

Nipawin, Town of	$	26,341
Norquay, Town of		6,598
North Battleford, City of		78,899
Northern Recreation Coordinating Committee		599,900
Onion Lake Band		13,945
Osler, Town of		7,499
Outlook, Town of		14,618
Oxbow, Town of		8,333
Paradise Hill, Village of		5,934
Pelican Lake First Nation		5,442
Pense, Village of		5,244
Peter Btyn @Pelican Nrrws		13,824
Peter Btyn Band @Southend		6,318
Pierceland, Village of		5,415
Pilot Butte, Town of		12,558
Pinehouse Lake, Northern Village		5,855
Ponteix, Town of		5,698
Porcupine Plain, Town of		5,499
Preeceville, Town of		9,836
Prince Albert Grand Council		40,000
Prince Albert, City of		30,000
Prince Albert, City of		83,465
Qu'Appelle, Town of		6,185
Quill Lake, Village of		5,915
R.M. of Brittania #502		5,772
R.M. of Browning #34		6,461
R.M. of Buckland #491		14,637
R.M. of Estevan #5		9,164
R.M. of Hudson Bay #394		6,685
R.M. of Loon Lake #561		6,221
R.M. of Moose Jaw #161		7,888
R.M. of Paddockwood #520		5,701
R.M. of Perdue #346		9,244
R.M. of Porcupine #395		5,053
R.M. of Prince Albert#461		14,118
R.M. of Shellbrook #493		7,620
R.M. of Swift Current 137		6,575
Radville, Town of		7,071
Raymore, Town of		6,063
Red Earth Cree Nation		5,867
Redvers, Town of		8,678
Regina Beach, Town of		6,661
Regina, City of		270,000
Riverside Estates, Hamlet of		6,481
Rocanville, Town of		7,800
Rosetown, Town of		19,534
Rosthern, Town of		12,736
Sagastew Regional Recreation		44,179
Saltcoats, Town of		5,042
Sandy Bay, Northern Village		6,090
Saskatoon District Tribal Council		31,250
Saskatoon, City of		245,000
Shaunavon, Town of		15,336
Shellbrook, Town of		7,836
South East Treaty 4 Tribal Council		20,000
Southey, Town of		6,403
Spiritwood, Town of		9,063
Springside, Town of		6,859
St. Brieux, Village of		5,676
St. Walburg, Town of		7,027
Star City, Town of	$	7,595
Stoughton, Town of		6,135
Strasbourg, Town of		6,908
Sturgis, Town of		6,881
Swift Current, City of		63,282
Sylvania, Hamlet of		5,482
Theodore, Village of		5,120
Thunderchild First Nation		5,632
Tisdale, Town of		18,948
Touchwood Agency Tribal Council		31,250
Turtleford, Town of		5,537
under 5,000		16,493
Unity, Town of		18,696
Wadena, Town of		12,146
Wakaw, Town of		7,775
Warman, Town of		23,170
Watrous, Town of		13,128
Watson, Town of		7,147
Wawota, Town of		6,823
Weyburn, City of		41,323
White City, Town of		8,977
Whitewood, Town of		8,541
Wilkie, Town of		12,040
Wolseley, Town of		6,769
Wynyard, Town of		15,459
Yorkton District Chiefs Tribal Council		31,250
Yorkton, City of		79,404
Payees under $5,000		909,593
		4,733,244
Less grants returned from prior years		138,443
	$	4,594,801

The Culture Section

Administration Centers for Sport Culture&Rec.	$	60,000
CARFAC Sask. Visual Artists		177,019
Dance Sask. Inc		189,275
Federation of Sask. Indian Nations		59,500
Le Counseil culturel fransaskois		178,100
Mendel Art Gallery		100,000
Multicultural Council of Sask		213,600
Museums Assoc. of Sask. Inc		350,500
Nature Sask		96,000
Organization of Sask. Arts Councils		382,179
Sask. Metis Sports, Culture, Rec. & Youth Inc.		73,500
Sask. Archaeological Society		120,000
Sask. Architectural Heritage Society		109,785
Sask. Band Assoc.		181,300
Sask. Choral Federation		138,400
Sask. Community Theatre Inc.		95,300
Sask. Craft Council		181,558
Sask. Cultural Exchange Society		254,000
Sask. Drama Assoc.		125,800
Sask. Elocution & Debate Assoc.		86,500
Sask. Express		291,000
Sask. Genealogical Society		110,000
Sask. German Council Inc.		118,000
Sask. History & Folklore Society		104,900
Sask. Library Assoc.		93,500
Sask. Motion Picture Assoc.		332,600

Sask. Music Educators Assoc.	$	127,998
Sask. Music Festival Assoc.		90,234
Sask. Orchestral Assoc.		73,531
Sask. Organization for Heritage Languages		135,000
Sask. Publishers Group		82,100
Sask. Recording Industry Assoc.		134,500
Sask. Society for Education through Art		82,000
Sask. Writers Guild		433,922
SaskCulture		2,939,873
Ukrainian Canadian Congress		172,500
Wanuskewin Heritage Park		100,000
		8,593,974
Less grants returned from prior years		85,518
	$	8,508,456

The Recreation Section

Administration Centers for Sport Culture&Rec.	$	24,000
Air Cadet League - Sask. Provincial Committee		52,385
Army Cadet League		52,385
Assoc. of Sask Urban Parks & Conservation		38,005
Badlands Regional Recreation Assoc.		40,008
Battleford Regional Recreation Assoc.		40,008
Battlefords Boys & Girls Club		41,282
Blackstrap Regional Recreation & Parks Assoc		40,008
Boy Scouts of Canada-Sk. Provincial Council		51,803
Boys & Girls Club of Yorkton Inc.		30,194
Boys and Girls Club of Saskatoon		41,282
Canadian National Institute for the Blind		42,596
Canadian Red Cross		52,385
Duke of Edinburgh Award		45,537
Federation of Sask. Indian Nations		25,500
Girl Guides of Canada Saskachewan Council		52,385
Harvest Community of the Prairies Inc		35,309
Last Touch Regional Recreation Assoc.		3,800
Lifesaving Society		52,385
Mental Health Assoc. in Sask		52,385
Navy League - Sask. Division		52,385
North Central Regional Recreation Assoc.		40,008
North East Recreation & Parks Assoc.		40,008
Outdoor & Environmental Education Assoc.		27,238
Parkland Regional Recreation Assoc.		40,008
Qu'Appelle Valley Recreation Assoc.		40,008
Quill Plains Regional Recreation Assoc.		40,008
River Junction Parks & Recreation Assoc.		40,008
Sask. Abilities Council		52,385
Sask. Assoc. for Community Living		47,363
Sask. Assoc. of Recreation Professionals		52,385
Sask. Metis Sports, Culture, Rec. & Youth Inc.		31,500
Sask. Parks & Recreation Assoc.		1,631,458
Sask. Physical Education Assoc.		52,385
Sask. Recreation Facility Assoc.		52,385
Sask. Regional Parks Assoc.		40,239
Sask. Square & Round Dance Federation Inc.		38,701
Sask. Wildlife Federation		52,385
Seniors Mechanism		128,853
Ski Patrol System-Sask. Division		38,367
Snowmobile Assoc.		38,981
South Central Recreation & Parks Assoc.		40,008
South East Sk Assoc. for Culture, Rec & Sport.		120,026
South West Recreation Assoc.	$	40,008
St. John Council for Sask. Properties Inc.		22,583
Sask. Camping Assoc.		52,385
Underwater Council Inc.		41,232
Wild Goose Regional Recreation Assoc.		40,008
		3,746,950
Less grants returned from prior years		177,000
	$	3,569,950

The Sport Section

Administration Centers for Sport Culture&Rec.	$	156,000
Basketball Sask. Inc.		265,875
Bowling Federation of Sask		168,815
Bowls Sask. Inc.		81,694
Boxing Sask. Inc.		65,738
Canadian Red Cross		15,763
Coaches Assoc. Of Sask		115,303
Federation of Sask. Indian Nations		85,000
Football Sask		262,363
Gymnastics Sask. Inc		211,369
Horseshoe Sask. Inc.		37,125
Judo Sask		102,389
Ringette Assoc. of Sask		115,661
Sask Sport Inc.		574,946
Sask. Amateur Speed Skating Assoc.		131,522
Sask. Amateur Trapshooting Assoc.		49,382
Sask. Amateur Wrestling Assoc.		182,371
Sask. Archery Assoc.		79,128
Sask. Athletics		338,673
Sask. Badminton Assoc.		120,759
Sask. Baseball Assoc.		222,485
Sask. Baton Twirling Assoc.		78,414
Sask. Blind Sports Assoc.		53,434
Sask. Broomball Assoc.		105,035
Sask. Canoe Assoc.		131,181
Sask. Combative Arts Assoc.		18,511
Sask. Curling Assoc.		266,080
Sask. Cycling Assoc.		127,314
Sask. Darts Assoc. Inc.		33,074
Sask. Deaf Sports Assoc.		27,107
Sask. Diving Assoc.		101,313
Sask. Fencing Assoc.		79,405
Sask. Field Hockey Assoc.		81,705
Sask. Games Council		322,000
Sask. Golf Assoc.		174,618
Sask. Handball Assoc.		34,461
Sask. Handgun Assoc.		46,372
Sask. High Schools Athletic Assoc.		216,840
Sask. Hockey Assoc.		400,527
Sask. Horse Federation Inc		218,046
Sask. Karate Assoc.		85,969
Sask. Lacrosse Assoc.		110,186
Sask. Metis Sports, Culture, Rec.& Youth Inc.		105,000
Sask. Provincial Rifle Assoc.		43,208
Sask. Provincial Small Bore Assoc.		34,622
Sask. Racquetball Assoc.		79,649
Sask. Rhythmic Gymnastics		79.513
Sask. Rowing Assoc.		116,803
Sask. Rugby Union Inc.		139,826

Sask. Sailing Clubs Assoc.	$ 81,247
Sask. Skeet Shooting Assoc.	44,774
Sask. Ski Assoc.	279,059
Sask. Soccer Assoc.	339,350
Sask. Special Olympics Society Inc.	114,509
Sask. Sports Hall of Fame and Museum	230,076
Sask. Squash Inc.	77,865
Sask. Table Tennis Assoc.	101,098
Sask. TaeKwon-Do Inc.	99,087
Sask. Team Handball Federation	89,595
Sask. Triathlon Assoc.	34,752
Sask. Volleyball Assoc.	281,887
Sask. Water Ski Assoc.	93,393
Sask. Weightlifting Assoc.	64,089
Sask. Wheelchair Sports Assoc.	78,333
Skate Canada - Sask.	187,156
Soaring Assoc. of Sask.	30,434
Softball Sask.	267,105
South East Sk Assoc. for Culture, Rec & Sport.	60,000
Sport Medicine & Science Council of Sask.	364,489
Sport Parachute Assoc. of Sask. Inc.	17,681
Swim Sask. Inc.	185,897
Synchro Sask.	138,110
Tennis Sask.	122,336
Water Polo Sask.	101,353
Zone 2 - Regina Sport Council	95,000
Zone 3 Sport Council	60,000
Zone 4 Sport Council	60,000
Zone 5 Central Sask. Sport Council	60,000
Zone 6 Saskatoon Sport Council	115,000
Zone 7 Sport Council	60,000
Zone 8 Sport Council	90,000
	10,716,249
Less grants returned from prior years	91,580
	$ 10,624,669

AUDITOR'S REPORT

To the Members of the Legislative Assembly
of Saskatchewan.

I have audited the consolidated balance sheet of the Saskatchewan Research Council as at March 31, 2002 and the consolidated statements of operations and retained earnings and cash flows for the year then ended. The Council's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements, present fairly, in all material respects, the financial position of the Council as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
May 16, 2002

Fred Wendel, CMA, CA
Provincial Auditor

Statement 1

SASKATCHEWAN RESEARCH COUNCIL
CONSOLIDATED BALANCE SHEET
As At March 31
(Thousands of dollars)

	2002	2001
ASSETS		
Current assets:		
Accounts receivable	$ 2,754	$ 2,985
Prepaid expenses	580	234
	3,334	3,219
Non-current assets:		
Accrued benefit asset (Note 3)	488	365
Restricted investment (Note 4)	533	527
Capital assets (Note 5)	7,194	7,453
	$ 11,549	$ 11,564
LIABILITIES AND PROVINCE'S EQUITY		
Current liabilities:		
Bank indebtedness (Note 6)	$ 924	$ 1,098
Accounts payable	1,053	1,206
Unearned revenue	1,065	1,175
Deferred revenue (Note 7)	399	399
Salaries and wages payable	276	344
Vacation payable	126	138
	3,843	4,360
Non-current liabilities:		
Sick leave benefits payable	335	376
Accrual for decommissioning (Note 8)	1,062	967
Deferred revenue (Note 7)	2,054	2,453
	7,294	8,156
Province's equity:		
Retained earnings - unappropriated (Statement 2)	3,722	2,881
Retained earnings - appropriated (Note 4)	533	527
	4,255	3,408
	$ 11,549	$ 11,564

(See accompanying notes to the financial statements)

Statement 2

SASKATCHEWAN RESEARCH COUNCIL
CONSOLIDATED STATEMENT OF OPERATIONS AND RETAINED EARNINGS
Year Ended March 31
(Thousands of dollars)

	2002 (Note 12)	2001 (Note 12)
Revenue:		
Contracts	$ 11,746	$ 12,134
Grant - General Revenue Fund	8,371	9,172
Grant - Agri-Food Innovation Fund (Note 7)	399	399
Interest revenue	129	107
	20,645	21,812
Expenses:		
Salaries and benefits	10,076	9,771
Supplies and services	4,899	5,938
Accommodation charges	4,315	3,890
Amortization of capital assets	1,154	1,155
Amortization of Agri-Food Innovation Fund funded assets (Note 7)	399	399
	20,843	21,153
Net (loss)/income from operations	(198)	659
Defined benefit pension plan revenue (expense) (Note 3)	123	(401)
Net (loss)/income	(75)	258
Retained earnings - unappropriated, beginning of year	2,881	2,613
Contributed Surplus (Note 11)	922	0
Change in appropriated amount during year (Note 4)	(6)	10
Retained earnings - unappropriated, end of year - to Statement 1	$ 3,722	$ 2,881

(See accompanying notes to the financial statements)

Statement 3

SASKATCHEWAN RESEARCH COUNCIL
CONSOLIDATED STATEMENT OF CASH FLOWS
Year Ended March 31
(Thousands of dollars)

	2002	2001
Cash flows from operating activities:		
Cash receipts from contracts	$ 11,926	$ 11,850
Cash receipts from General Revenue Fund	8,306	9,172
Cash paid to suppliers and employees	(19,871)	(18,985)
Interest received	123	107
Interest paid	(4)	(10)
Cash flows from operating activities	480	2,134
Cash flows from investing:		
Purchase of capital assets	(1,315)	(2,016)
Proceeds from sale of capital assets	1,009	2
Cash flows used in investment activities	(306)	(2,014)
Net increase in cash and cash equivalents	174	120
Cash and cash equivalents, beginning of year	(1,098)	(1,218)
Cash and cash equivalents, end of year	$ (924)	$ (1,098)
Represented by:		
Bank indebtedness	$ (924)	$ (1,098)

(See accompanying notes to the financial statements)

SASKATCHEWAN RESEARCH COUNCIL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2002

1. Status of Saskatchewan Research Council

Saskatchewan Research Council ("the Council") was established pursuant to Section 3 of *The Research Council Act* for the purpose of research and investigation in the fields of the physical sciences, pure and applied, as they affect the economy of the Province of Saskatchewan. The Council is a body corporate which receives monies appropriated by the Legislature for these purposes. It is also empowered to conduct research under contract for others and to receive financial assistance pursuant to agreements with other similar agencies.

2. Summary of Accounting Policies

The financial statements are prepared in accordance with Canadian generally accepted accounting principles. The following accounting principles are considered to be significant:

a) Consolidation Principles and Basis of Presentation

The accounts of TecMark International Commercialization Inc., a wholly owned subsidiary of the Saskatchewan Research Council, are consolidated in these financial statements.

The Council's proportionate share of the assets, liabilities, revenues, expenses and cash flows of a joint venture with Bova-Can Parentage Testing Inc. are included in these financial statements.

b) Accrual Basis

The financial statements are prepared on the accrual basis of accounting.

c) Revenue Recognition

Revenue from the majority of contract work is recognized on the percentage-of-completion method, which recognizes revenue as a contract progresses. Unbilled revenues are accrued to the year-end for these contracts, while pre-billed revenues received are classified as unearned revenue.

Grants from the General Revenue Fund are unrestricted in nature and recognized when they are received or receivable.

Other contributions that are restricted for a specified use are deferred and are recognized as revenue when the related expenses are incurred.

2. Summary of Accounting Policies (Continued)

Agri-Food Innovation Fund revenue is recognized at the same rate as the assets are put in use and amortized.

d) Capital Assets

The assets of the Council are initially recorded at cost, including labour, material and overhead for self-constructed assets.

Amortization of capital assets is provided over the estimated useful lives of the assets on the following basis:

i) Sum-of-the-years'-digits method	
Buildings	20 years
Equipment	5-10 years
ii) Declining balance method	
Automotive	33 1/3%
iii) Straight-line	
Goodwill	5 years
Leaseholds	9 years
Fermentation and GenServe Equipment	10 years

e) Accrued Vacation Credits

The costs associated with vacation credits are recognized when the vacation entitlements are earned. The value of credits earned to the year-end but not taken is reflected as a liability.

f) Sick Leave Benefits

The Council allowed unused sick leave credits to accumulate over the term of employment for each employee to March 31, 1998. The costs associated with these sick leave benefits are recognized when benefits are earned and accumulated by employees at a rate of 10% of the unused accumulated value of credits earned.

The practice of accumulating sick leave credits for 10% payout ceased effective April 1, 1998. Upon termination of employment the Council pays out 10% of the accumulated unused sick leave credits to March 31, 1998, based on the wage rate in effect at March 31, 1998.

2. Summary of Accounting Policies (Continued)

g) Accrual for Decommissioning

The Council accrues the liability for future decommissioning and site restoration costs when the likelihood of incidence is established and such costs can be reasonably determined. Annual provisions for estimated future asset decommissioning and site restoration costs, less any residual or salvage value, are charged to Supplies and Services expense over the remaining service lives of the related capital assets. These cost estimates are revised periodically in accordance with changes in the assumptions and estimates underlying the calculations, with changes in technology, with experience arising from the decommissioning of capital assets, and with changes in applicable legislation and regulations.

h) Restricted Investment

The investment is comprised of deposits in units in a balanced mutual fund managed by a professional investment manager. The balanced mutual fund has no fixed interest rate, and the return is based on the performance of the fund. Additional units in the mutual fund are acquired when distributions are made by the fund. Cash dividends are not paid by the fund; however, investors can realize changes in the underlying unit values by redeeming units.

Units in the mutual fund are recorded in the accounts at their net asset value per unit. Net asset value per unit is the market value of the investments in the fund portfolio divided by the total number of outstanding units in that fund. The adjustment necessary to record units at their net asset value at the year-end is included in interest revenue.

3. Accrued Benefit Asset - Pension Plan

The Council maintains a Pension Plan for its employees. Until December 31, 1990, it was a defined benefit plan. Effective January 1, 1991, the Plan was changed to a defined contribution plan. The changes do not affect existing pensioners who will continue to receive benefits as granted. The latest actuarial valuation was updated as at January 1, 2002. The Pension Plan has been valued using the administrator's best estimates.

The defined contribution plan had a market value of $17,917,798 (2000 - $21,158,587) at December 31, 2001. The value of the defined contribution plan assets and liabilities has not been extrapolated from December 31 to March 31. By design, the assets will always equal the liabilities of a defined contribution plan.

3. Accrued Benefit Asset - Pension Plan (continued)

The defined benefit plan has been extrapolated from the January 1 actuarial valuation to March 31. The financial position of the defined benefit plan is as follows:

	2002 (000's)	2001 (000's)
Defined benefit asset at market value, January 1	$ 3,306	$ 3,847
Net change in asset value	(63)	(354)
Asset value, extrapolated to March 31	3,243	3,493
Defined benefit obligation at January 1	2,801	3,174
Net change in obligation	(46)	(46)
Obligation, extrapolated to March 31	2,755	3,128
Accrued benefit asset, March 31	$ 488	$ 365

Upon termination of the Plan, any Accrued benefit asset of the Pension Fund remaining, after discharging all liabilities, shall belong to the Council. The Accrued benefit asset may be distributed in a manner to be determined by the Council, at its sole discretion, after receiving prior approval in accordance with *The Pension Benefits Act, 1992*, the *Income Tax Act (Canada)* and the regulations thereunder.

The Defined benefit pension plan revenue of $123,000 (2001 expense - $400,588) is the year over year change in the Accrued benefit asset. The Defined contribution pension plan expense (employer contributions) for the year was $469,751 (2001 - $ 475,770). The benefits paid from the Defined benefit pension plan during the year was $377,804 (2001- $435,434).

4. Restricted Investment

Restricted investment represents the Technology in Action Fund ("Fund"), which was established by the Council in 1994 when Mr. Ian Wahn made a gift to the Council, an agent of the Crown. The Fund was established to help the people of Saskatchewan develop their province as a highly skilled, fair, desirable and compassionate society with a secure environment through research, development and the transfer of innovative scientific and technological solutions, applications and services. The Council received a binding ruling from CCRA that accepts this as a "Gift to the Crown". The Council will maintain a separate account of the capital contributions and all investment income earned.

4. Restricted Investment (continued)

The balance of the fund at March 31 is as follows:

	2002 (000's)	Change (000's)	2001 (000's)
Capital contributions	$ 504	$ 0	$ 504
Investment earnings	111	23	88
Technology grants	(82)	(17)	(65)
Total	$ 533	$ 6	$ 527

5. Capital Assets

	2002			2001
	Cost (000's)	Accumulated Amortization (000's)	Net Book Value (000's)	Net Book Value (000's)
Buildings	$ 676	$ 329	$ 347	$ 13
Leaseholds	3,376	1,728	1,648	1,778
Equipment	15,259	12,524	2,735	2,791
Automotive	146	146	0	0
Goodwill	35	35	0	7
Fermentation Facility	3,370	1,311	2,059	2,403
GenServe Equipment	563	169	394	450
Land	11	0	11	11
	$ 23,436	$ 16,242	$ 7,194	$ 7,453

Included in the cost and net book value of equipment, is $305,660 (2001 - $178,416) of assets that were not amortized because they were not ready for use.

6. Bank Indebtedness

The Council was authorized by the Minister of Finance to establish a line of credit not to exceed $5,100,000. There is an assignment of the accounts receivable as collateral for bank indebtedness. Interest is charged on the line of credit at the Bank of Montreal prime rate.

7. Deferred Revenue – GenServe Equipment and Fermentation Facility

The Council received contributions for certain capital assets, which it records as deferred revenue until such time as the assets are put in use and amortized.

The total amount of Deferred revenue is $2,450,000 (2001 - $2,850,000). During the year the Council recorded $399,483 (GenServe $56,231 and Fermentation $343,252; 2001 - $56,231 and $343,252 respectively) as revenue based on the amortization of the related capital assets.

The long-term portion, $2,053,888 (GenServe $337,386 and Fermentation $1,716,502; 2001 - $393,617 and $2,059,754 respectively), represents AFIF monies used to purchase capital assets that will be recognized as revenue at the same rate that the assets are amortized.

8. Accrual for Decommissioning

The Canadian Nuclear Safety Commission (CNSC) licensing conditions require that SLOWPOKE reactor owners have in place a decommissioning plan and a financial plan to cover the associated costs.

The Council estimates decommissioning costs will be in the range of $900,000 to $1,540,000.

In the Council's best estimate, the revised costs of decommissioning will be close to the high end of the range. The increase in the estimate is related to disposal costs. As at March 31, 2002, $1,062,500 (2001 - $967,000) was accrued for decommissioning costs.

9. TecMark Inc.

TecMark International Commercialization Inc. ("TecMark") was incorporated under *The Business Corporations Act* (Saskatchewan) on October 9, 1996, as a wholly owned subsidiary of the Council. The purpose of the Corporation is to assist in the commercialization of technology for inventors, entrepreneurs and partner institutions in the Province of Saskatchewan.

Supplies and Services includes $20,148 (2001 - $38,541) in connection with projects undertaken by TecMark. All these projects are funded by SRC.

10. Joint Venture

Effective February 1, 1997, the Council entered into a 50 percent ownership joint venture with Bova-Can Parentage Testing Inc. The agreement was renewed June 1, 2001 for an additional five years. The agreement provides Bova-Can Laboratories

10. Joint Venture (continued)

with access to all animal lists and history, and the genotyping market. Upon termination of this agreement, SRC agrees to provide to each breed association, upon request, a copy of their complete database of genotypes, access to, and control over samples from the DNA bank. Bova-Can Parentage Testing Inc. will receive 50% of the net assets.

The Council's pro-rata share of its interest in the joint venture is as follows:

	2002 (000's)	2001 (000's)
Current Assets	$ 155	$ 107
Long-term Assets	45	80
Current Liabilities	27	24
Long-term Liabilities	6	6
Revenue	493	496
Expenses	483	515
Net Income	10	(19)
Cashflows resulting from operating activities	69	29
Cashflows resulting from investing activities	(9)	(17)

11. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies, boards and commissions related to the Council by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan (collectively referred to as "related parties").

Routine operating transactions with related parties are settled at prevailing market prices under normal trade terms except for the following:

During the year, the Council paid $3.8 million (2001 - $3.4 million) to the Saskatchewan Property Management Corporation (SPMC) and Saskatchewan Opportunities Corporation (SOCO) for accommodation charges on buildings. At year-end, SRC has lease commitments with SOCO requiring minimum lease payments of:

2003	$1.0 million
2004	1.0 million
2005	1.0 million
2006	0.2 million
2007	0.0 million

11. Related Party Transactions (continued)

In 2002, the Council purchased supplies and services for $1.7million (2001 - $0.5 million) from related parties.

During the year, the Council entered into fee-for-service contracts for $1.8 million (2001 - $1.1 million) with related parties, of which $0.5 million remains in accounts receivable as at March 31, 2002. The Council has $2.4 million (2001 - $2.8 million) of deferred revenue from related parties as at March 31, 2002. Of the $2.4 million, $2.0 million (2001 - $2.4 million) is related to the Fermentation Facility's funding from AFIF and $0.4 million (2001 - $.4 million) is related to the GenServe funding from AFIF.

The Council sold a building, with a carrying value of zero, to the University of Saskatchewan, a related party, for $1.0 million. The gain, net of decommissioning expenses, has been reported as Contributed Surplus.

During the year, the Council provided general administrative services to the Saskatchewan Research Council Employees' Pension Plan without charge.

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and the notes thereto.

12. Comparison of Planned and Actual Results

A comparison of actual to budgeted results for each line item on the income statement follows:

	Actual 2002 (000's)	Budget 2002 (000's)	Actual 2001 (000's)	Budget 2001 (000's)
Revenue:				
Contracts	$ 11,746	$ 13,065	$ 12,134	$ 12,369
Grant - General Revenue Fund	8,371	8,455	9,172	8,742
Grants - AFIF	399	398	399	433
Interest revenue	129	110	107	50
	20,645	22,028	21,812	21,594
Expenses:				
Salaries and benefits	10,076	10,154	9,771	10,107
Supplies and services	4,899	6,192	5,938	5,997
Accomodation charges	4,315	4,130	3,890	4,113
Amortization of capital assets	1,154	1,150	1,155	945
Amortization of AFIF funded assets	399	398	399	433
	20,843	22,024	21,153	21,595
Net (loss)/income from operations	(198)	4	659	(1)
Defined Benefit penion plan revenue (expense)	123	0	(401)	0
Net (loss)/income	$ (75)	$ 4	$ 258	$ (1)

13. Expenses by Program

Program	Actual 2002 (000's)	Budget 2002 (000's)	Actual 2001 (000's)	Budget 2001 (000's)
Research & Technology	$ 15,001	$ 15,701	$ 15,543	$ 15,655
Laboratory Services	5,842	6,323	5,610	5,940
Total	$ 20,843	$ 22,024	$ 21,153	$ 21,595

Administrative services have been allocated to each program based on a percentage of labour. Space costs have been allocated to each program based on an estimate of square footage occupied.

14. Financial Instruments

The Council's significant financial instruments consist of accounts receivable, accounts payable and the bank indebtedness (line of credit).

Credit Risk:

The Council is exposed to credit risk from the potential default of customers. However, the majority of the Council's receivables are from related parties, other government agencies and reputable, longstanding corporate clients. Therefore the credit risk is minimal.

Fair Values:

The fair values of the accounts receivable, accounts payable and bank indebtedness approximate their carrying value due to the short-term nature of these instruments.

15. Comparative Figures

Certain of the 2001 financial statement balances have been reclassified to conform with presentation of the 2002 figures.

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Saskatchewan Student Aid Fund as at March 31, 2002 and the statements of revenue, expenditure and net financial assets, and cash flows for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred Wendel, CMA, CA
Provincial Auditor

Regina, Saskatchewan
June 10, 2002

Statement 1

SASKATCHEWAN STUDENT AID FUND
STATEMENT OF FINANCIAL POSITION
As at March 31

	2002	2001
FINANCIAL ASSETS		
Financial Assets:		
Due from General Revenue Fund (Note 8)	$ 72,193,185	$ 57,122,346
Accrued Interest	250,113	630,434
Appropriation Due from General Revenue Fund	1,300,000	1,331,000
Other Receivables	66,289	237,583
Student Loans Receivable (Note 7)	25,540,153	2,917,256
Total Financial Assets	$ 99,349,740	$ 62,238,619
LIABILITIES AND NET FINANCIAL ASSETS		
Liabilities:		
General Revenue Fund Interest Payable	$ 398,191	$ 0
General Revenue Fund Loan (Note 9)	62,789,603	0
Due to Royal Bank of Canada (Note 5)	16,068,418	36,068,862
Bursaries and Grants Payable (Note 6)	2,649,268	0
Other Accounts Payable	744,775	639,822
Total Liabilities	$ 82,650,255	$ 36,708,684
Net Financial Assets (Statement 2)	16,699,485	25,529,935
	$ 99,349,740	$ 62,238,619

(See accompanying notes to financial statements)

Statement 2

SASKATCHEWAN STUDENT AID FUND
STATEMENT OF REVENUE, EXPENDITURE AND NET FINANCIAL ASSETS
For the Year Ended March 31

	BUDGET	2002	2001
Revenue:			
Appropriation from the General Revenue Fund	$ 30,513,000	$ 31,813,000	$ 42,109,000
Interest Payments from the General Revenue Fund	1,454,000	1,531,626	2,196,955
Interest on Student Loans	100,000	621,468	818,985
Loan Discount Amortization	0	404,685	0
Recovery of Bad Debt Allowances	0	713,747	788,280
Other Income	150,000	196,942	192,542
	32,217,000	35,281,468	46,105,762
Expenditure:			
Loan Forgiveness Grants	0	167,238	257,942
Sask Student Bursaries	20,885,000	20,442,456	18,756,337
Canada Study Grants	4,456,000	4,228,474	4,173,221
Sask Study Grants	5,252,000	3,904,995	3,868,979
Special Opportunity Grants	1,300,000	1,278,795	1,342,590
Special Incentive Loan Remissions	2,752,000	2,053,160	2,582,482
Risk Premium	350,000	929,372	813,512
Loan Guarantee	341,000	76,205	66,008
Debt Reduction in Repayment	0	91,143	0
Permanent Disability Benefit	0	958,548	0
Interest Relief Grants	2,065,000	681,208	1,520,810
Interest on Loans	4,949,000	1,584,626	5,712,612
Interest Grants to Students	0	2,679,536	0
Bad Debt Expense	4,917,000	3,236,920	462,197
Interest on General Revenue Fund Loan	980,000	474,828	0
Collection Costs	500,000	216,464	313,924
Service Provider Fees	748,000	418,135	0
Bursaries and Scholarships	661,000	689,815	206,900
	50,156,000	44,111,918	40,077,514
(Decrease) Increase in Net Financial Assets for the Period	$ (17,939,000)	$ (8,830,450)	$ 6,028,248
Net Financial Assets, Beginning of Period	25,494,000	25,529,935	19,501,687
Net Financial Assets, End of Period to Statement 1	$ 7,555,000	$ 16,699,485	$ 25,529,935

(See accompanying notes to financial statements)

Statement 3

SASKATCHEWAN STUDENT AID FUND
STATEMENT OF CASH FLOWS
For the Year Ended March 31

	2002	2001
Cash Provided by (used in) Operating Activities:		
Excess of Revenue over Expenditure	$ (8,830,450)	$ 6,028,248
Change in Non-Cash Working Capital Items:		
Decrease (Increase) in Accrued Interest	380,321	(47,759)
Decrease in Appropriation Due from General Revenue Fund	31,000	2,769,000
Decrease (Increase) in Other Receivables	171,294	(30,232)
(Increase) Decrease in Student Loans Receivable	(22,622,897)	1,752,627
Increase in General Revenue Fund Interest Payable	398,191	0
(Decrease) Increase in Due to Royal Bank of Canada	(20,000,444)	2,320,176
Increase in Bursaries and Grants Payable	2,649,268	0
Increase (Decrease) in Other Accounts Payable	104,953	(36,093)
Net Change in Non-Cash Working Capital Items	(38,888,314)	6,727,719
Financing Activities:		
General Revenue Fund Loan Payable	62,789,603	0
Net Change in Financing Activities	62,789,603	0
Net Increase in Due from General Revenue Fund	15,070,839	12,755,967
Due from General Revenue Fund, Beginning of Year	57,122,346	44,366,379
Due from General Revenue Fund, End of Year	$ 72,193,185	$ 57,122,346

(See accompanying notes to financial statements)

SASKATCHEWAN STUDENT AID FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2002

1. Authority

The Saskatchewan Student Aid Fund (the Fund) operates under the authority of *The Student Assistance and Student Aid Fund Act, 1985*. The primary purpose of the Fund is to support the Saskatchewan Student Assistance Program. The Department of Post-Secondary Education and Skills Training (the Department) administers the Fund and the Saskatchewan Student Assistance Program.

2. Description of the Program

Under the terms of the Saskatchewan Student Assistance Program, student loans are provided to qualifying individuals at interest rates prescribed by the Minister of Post-Secondary Education and Skills Training. Loans are interest-free while the student is in full time studies. They become repayable on the first day of the seventh month following discontinuance of studies or graduation, however, interest begins to accrue on the first day of the first month following discontinuance of studies or graduation.

There are six debt reduction benefits which are funded through the Fund:

- The Saskatchewan Student Bursary, which replaces the former Forgivable Loan Plan, provides a bursary to all students with a need over $180 per week up to $275 per week.

- The Canada Study Grants and the Saskatchewan Study Grants provide grants to students with dependants to cover their need between $275 per week and $400 per week.

- A Remission benefit for Special Incentive Students provides a maximum of $180 per week of study for 60 weeks.

- Debt Reduction in Repayment provides a one-time reduction of student loan payable to a maximum of $3,000 for borrowers who experience financial hardship and face excessive debt burden relative to their level of income.

- A provision for Borrowers with Permanent Disabilities provides loan forgiveness to borrowers who suffer from a permanent disability that impairs the borrowers ability to repay their loan. The permanent disability must have been sustained while in a period of study or before the first day of the seventh month after the Borrower ceases to be a full time student.

Special incentive loan remission grants are available to high need disadvantaged students; Saskatchewan Student Bursaries and Canada/Saskatchewan Study Grants are granted to all borrowers who meet the requirements specified by the Saskatchewan Student Assistance Program Administrative Guidelines. If the value of grants exceed the student's loan balance, the excess is applied to their Canada Student Loans. Any excess over the Canada Student Loan balance is then paid directly to the qualifying borrower.

The Debt Reduction in Repayment and Provision for Borrowers with Permanent Disabilities are new program benefits introduced in the 2001/02 fiscal year in conjunction with the signing of the Canada–Saskatchewan Integration Agreement for the Harmonization and Administration of Federal and Provincial Student Loan Programs as described below.

Interest relief grants are provided to borrowers in repayment who are unable to meet their repayment obligations due to financial hardship. Applicants are eligible for these grants for 54 months.

While students are in school, the Fund absorbs the interest cost on student loans. Under original program guidelines, the Fund also absorbed the interest cost on loans for a six-month period following completion of full time studies. For courses starting on or after August 1, 2000, the Province will no longer pay the interest that accrues during the six-month grace period between the students' period of study end date and loan consolidation.

In May, 1999, the Province of Saskatchewan signed a ten year agreement with the Canada Millennium Scholarship Foundation. This agreement provides approximately $9,700,000 annually in millennium bursaries to approximately 3,600 Saskatchewan post-secondary students.

Prior to August 1, 1996, the Province provided funding for student loans, and all loan administration was undertaken by staff of the Department. Under a Risk Sharing Student Loans Agreement (the Agreement) signed between the Department and the Royal Bank of Canada on March 12, 1996, the Royal Bank became the financier of student loans and assumed responsibility for the disbursement, management and collection of student loans. The Department retained responsibility for loan approval. The Agreement covered loans approved between August 1, 1996 and July 31, 2001. As part of the Agreement, students who had previously received provincially funded loans and who were still in school, had their loan balances transferred to the Royal Bank when the Department approved their new Royal Bank loans.

The Department negotiated an additional agreement with the Royal Bank to transfer substantially all of the loans held by the Fund. This agreement came into effect on October 1, 1997 and remained in force until December 31, 1999. Borrowers who were not in default, had more than seven monthly payments still owing and were not on interest relief were eligible to be transferred. The Fund paid a risk premium of 5% to the Royal Bank when the balance of the loan was transferred. When a loan was transferred, any bad debt allowance relating to that loan was recovered. Borrowers who had their loans transferred to the Royal Bank retain the rights associated with their loans (i.e. interest rate, repayment term and interest relief eligibility were transferred with the loan).

Debt reduction benefits, other than the Canada Millennium Bursaries, are paid by the Fund to the Royal Bank to be applied against student loan balances. The Fund also pays to the Royal Bank costs associated with maintaining lender financed loans in interest free status while students are in school, and interest relief benefits granted to borrowers experiencing financial hardship in the repayment of their loans.

On June 19th, 2001, the Province entered into an agreement with the Government of Canada to integrate the delivery and administration of Canada and Saskatchewan student loans. The Canada-Saskatchewan Integration Agreement for the Harmonization and Administration of Federal and Provincial Student Loans Programs became effective August 1, 2001. In conjunction with the agreement, the Department provides loan authorization for both Saskatchewan and Canada student loans, and the Province is re-established as the financier of Saskatchewan student loans. On behalf of the Department and the Government of Canada, two external agencies are responsible for the disbursement, administration and collection of integrated student loans.

Student benefits associated with the Saskatchewan Student Assistance Program as described above are applicable to Canada/Saskatchewan integrated loans. In addition to student benefits paid by the Fund, Canada Millennium bursaries are funded by the Canada Millennium Scholarship Foundation and are applied against student loan balances.

3. Significant Accounting Policies

The financial statements are prepared in accordance with Canadian generally accepted accounting principles. The following accounting policies are considered significant.

a) Accrual Basis

The financial statements are prepared on the accrual basis of accounting.

b) Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Measurement uncertainty impacts Due to the Royal Bank of Canada (Note 5), Bursaries and Grants Payable (Note 6) and Student Loans Receivable (Note 7).

c) Student Loans Receivable

Student loans are carried at the amount advanced plus accrued interest. Simple interest is charged on loans following the interest-free in school period. Payments on loans are first applied to interest, then to outstanding principal.

For loans held by the Fund, allowances are deducted from loans receivable for the following:

i) estimated uncollectable loans due to default on repayment, based on past collection experience;
ii) the amount of concessionary grant associated with holding student loans in interest free status; and
iii) estimated debt reduction benefits.

4. Loans Held by Student Aid Fund

Loans held by the Fund consist of amounts owing by borrowers for loans granted prior to the agreement signed with the Royal Bank ($7,454,969), and subsequent to the integration agreement signed with the Government of Canada ($47,882,122).

The Fund is exposed to credit-related losses in the event that borrowers default on repayment of the student loans. Credit risk represents the maximum amount at risk if the borrowers defaulted on their repayments. The Fund's credit risk on student loans receivable is represented by Gross Student Loans Receivable, end of year in Note 7.

The recorded allowance for uncollectable loans for loans issued prior to August 1, 1996 is $5,200,944 (2001 - $6,296,362). This allowance could reasonably be expected to fluctuate between $4,895,854 and $5,477,443 within the next twelve months (2001 - $5,889,453 and $6,703,271).

The recorded allowance for uncollectable loans for loans issued subsequent to July 31, 2001 is $3,480,892 (2001 - $0). Variability on the recorded allowance is approximately $182,000 per 1% change in estimated default rate.

Loans in repayment are subject to interest rate risk related to repayment terms. The current portfolio of loans in repayment have effective interest rates of 5.00% to 12.00% (2000 - 5.00% to 12.00%). Under *The Student Assistance and Student Aid Fund Regulations, 1990*, the Minister charges interest rates as set pursuant to the *Canada Student Loans Act.* Under this Act, each year in August, the Federal government sets the interest rates to be charged for students graduating during the next 12 months. This rate is based on average open market yield for the previous 6 months on mid-term (5-10 years) Government of Canada bonds plus 1%. At March 31, 2002, the rate was 6.50%. The dollar value of loans in repayment and related interest rates are listed in the following schedule:

	2002	2001
Interest Rate	**Total Balance**	**Total Balance**
Less than 8.0%	$ 705,619	$ 699,851
8.0%-8.9%	3,034,511	3,862,737
9.0%-9.9%	3,241,898	4,120,994
10.0%-10.9%	254,880	360,333
11.0% or greater	218,061	304,369
Loans in Repayment (Note 7)	$ 7,454,969	$ 9,348,284

The fair value and repayment period of loans receivable have not been disclosed because it is not practicable to determine the loan repayments with sufficient reliability. There are a number of factors needed to estimate the timing and the amount of loan repayments. These factors include the Fund's historical experience, applications for interest relief, debt reduction, economic conditions, and the necessity to rely on the actions of a large number of individuals.

5. Due to Royal Bank of Canada

The Fund estimates amounts due to the Royal Bank. Estimation is a factor in the following:

Interest on Loans Accrual

Currently, interest accruing on student loans is not paid by the borrower as long as the borrower is in school. The Fund pays this interest to the Royal Bank. The interest accrual is an estimate, based on the current loan receivable balance of students in school, the projected time that students will remain in school, and the projected market rate of interest. In 2002, the estimated projected market rate of interest is 7.06% (2001 – 7.16%). It is reasonable to expect this interest rate to fluctuate between 6.81% and 7.31% over the next 12 months (2001 – 6.91% to 7.41%).

Interest Relief Accrual

Interest relief is paid to the bank at the lender prime rate of interest in effect at the time the borrower applies for relief. It is estimated that the interest relief accrual will be paid to the bank on behalf of applicants over a nine-year period, and at the same interest rate as applicable to the current fiscal year.

Risk Premium Accrual

A risk premium equal to 5% of a borrowers' outstanding loan balance is paid to the bank at the time each student loan becomes repayable. The accrual is an estimate of future risk premiums associated with loans of borrowers currently in school. This estimate is calculated after considering possible future forgiveness, special incentive loan remission grants, bursaries, and study grants which may be applied against loans prior to loan consolidation.

Special Incentive Loan Remission and Loan Forgiveness Grant Accrual

The Fund will pay the Royal Bank expected future special incentive loan remission grants and any outstanding loan forgiveness grants. An estimate of the total percentage of students that will qualify for these grants is used to determine these accruals.

Loan Guarantee Accrual

The Fund guarantees loans in the event of death or bankruptcy of the borrower. The amount paid to the bank is equal to the loan balance outstanding on the date of death or bankruptcy. The accrual is an estimate of future expense based on historical trends. This amount is not expected to fluctuate significantly within the next 12 months.

Permanent Disability Accrual

The Permanent Disability benefit provides loan forgiveness to borrowers who become permanently disabled while in a period of study or before the first day of the seventh month after the borrower ceases to be a full-time student. The accrual is an estimate of future expense based on historical utilization.

Debt Reduction in Repayment

This benefit provides a one-time reduction in student loan payable to a maximum of $3,000 for borrowers experiencing financial hardship. The accrual is an estimate of future expense based on historical utilization.

These accruals could reasonably be expected to fluctuate within the next twelve months as follows:

	2002		2001
	Actual	**Range of Accruals**	**Actual**
Interest on Loans Accrual	$ 5,416,376	$5,250,000 to $5,600,000	$6,478,129
Interest Relief Accrual	3,809,441	3,500,000 to 4,100,000	4,490,649
Risk Premium Accrual	1,923,442	n/a	2,322,006
Special Incentive Loan Remission Accrual	1,799,429	1,700,000 to 1,900,000	3,585,642
Loan Forgiveness Accrual	1,091,937	1,000,000 to 1,200,000	1,120,195
Loan Guarantee Accrual	295,754	n/a	314,422
Permanent Disability Accrual	164,045	150,000 to 200,000	0
Debt Reduction in Repayment Accrual	50,328	n/a	0
	$14,550,752		$18,311,043
Saskatchewan Student Bursaries	980,081	n/a	12,992,517
Canada Study Grants	199,170	n/a	2,659,620
Saskatchewan Study Grants	338,415	n/a	2,105,682
Due to Royal Bank of Canada	**$16,068,418**		**$36,068,862**

6. Bursaries and Grants Payable

Bursaries and Grants Payable represents benefits earned by students and payable to the Service Providers to be applied against Saskatchewan Student Loans, or, where there is insufficient Saskatchewan Student Loan to absorb the entire benefit, against Canada Student Loan balances.

Included in Bursaries and Grants Payable is $1,982,332 in Special Incentive Loan Remissions. In calculating the Loan Remission accrual, estimates of the percent of students that will qualify for the benefit are used. The percentage used in this fiscal year is 61.72%. The variability in the accrual is approximately $33,000 for every 1% change in the qualifying percentage.

7. Student Loans Receivable

		2002	2001
	Loans outstanding, beginning of year	$ 9,348,284	$ 13,926,232
Add:	New loans during the year	48,852,040	0
	Interest earned on student loans	615,469	818,985
Deduct:	Loan repayments net of payments on written off accounts ($713,747 in 2001/02; $788,280 in 2000/01)	(1,456,590)	(1,968,763)
	Book value of loans transferred to the Royal Bank	(4,370)	(81,581)
	Amounts authorized to reduce loans at the Service Providers	(852,272)	0
	Amounts authorized to reduce loans at the Royal Bank	(71,224)	(104,499)
	Loans written off	(1,094,246)	(3,242,090)
	Gross student loans receivable, end of year	$55,337,091*	$9,348,284
Deduct:	Allowance for interest relief	(927,954)	(133,221)
	Allowance for Debt Reduction in Repayment	(40,815)	0
	Allowance for Permanent Disability Benefit	(70,682)	0
	Allowance for Interest Grants to Students	(2,274,851)	0
	Canada Study Grants Payable	(2,549,085)	0
	Saskatchewan Study Grants Payable	(1,813,910)	0
	Student Bursaries Payable	(13,437,805)	0
	Allowances estimated on prior year's experience:		
	Allowance for uncollectable loans	(8,681,836)	(6,297,807)
	Student loans receivable, end of year	$25,540,153	$ 2,917,256

*** Includes Loans in Repayment of $7,454,969**

Interest Grants to Students

Interest Grants to Students gives recognition to the benefit afforded students by holding provincially funded loans in interest free status while they are in school. The amount of estimated benefit is considered to be a "concessionary grant" and is offset against the Student Loans Receivable balance. The allowance was calculated assuming that students remain in school for an average of three years, and applying the provincial government three year borrowing rate of 5.08%.

Provisions for Other Student Benefits

In addition to the Allowances for Uncollectable Loans and Interest Grants to Students, Student Loans Receivable are offset by Saskatchewan Student Bursaries Payable, Canada Study Grants Payable, Saskatchewan Study Grants Payable, and accruals for Interest Relief ($927,954), Debt Reduction in Repayment ($40,815) and a Provision for Borrowers with Permanent Disability ($70,682). Elements of estimation pertain to the accruals established for Interest Relief, Debt Reduction in Repayment and the Provision for Borrowers with Permanent Disability.

For loans issued under the Canada/Saskatchewan integration agreement the interest relief accrual ($818,004) was calculated using an estimated interest rate of 9.80%. For every plus or minus .50% change in interest rate estimate, the variability in interest relief accrual is approximately $28,000. Variability for Debt Reduction in Repayment and Provision for Borrowers with Permanent Disability is not material to these statements.

Saskatchewan Student Bursaries and Saskatchewan Study Grants have been reduced by approximately $7,700,000 (2001 - $7,600,000), which is a portion of the $9,770,000 received from the Canada Millennium Scholarship Foundation.

8. Due from General Revenue Fund

The Fund's bank accounts are included in the Consolidated Offset Bank Concentration arrangement for the Government of Saskatchewan.

The Fund's earned interest is calculated and paid quarterly by the General Revenue Fund to the Fund using the General Revenue Fund's thirty day borrowing rate and the Fund's average daily bank account balances.

Included in this amount is $36,300 of restricted funds used for scholarships.

9. General Revenue Fund Loan

Effective August 1, 2001, the Province assumed responsibility for the financing of student loans. A loan from the General Revenue Fund is provided to the Student Aid Fund to support this role. In the 2001/02 fiscal year, $62,800,000 in loans were advanced from the General Revenue Fund to the Student Aid Fund.

The interest rate charged on the General Revenue Fund Loan is at the Province's eight-year cost of borrowing. Under the terms of the loan agreement, the Student Aid Fund makes quarterly loan payments to the General Revenue Fund. The dollar amount of loan payment is calculated as the sum of debt reduction benefits applied against student loans, the principal portion of student payments and accounts written off.

10. Related Party Transactions

In accordance with established government practice, all administrative and occupancy costs are paid by the Department of Post-Secondary Education and Skills Training - General Revenue Fund. Accordingly, no provision for these costs is reflected in these financial statements. Costs for loans sent to collection agencies are paid by the Fund. Other related party transactions are disclosed separately in these financial statements.

11. Comparative Information

Certain 2001 financial information has been reclassified to conform to the 2002 presentation.

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Saskatchewan Western Development Museum as at March 31, 2002 and the statements of operations and net assets, and cash flows for the year then ended. The Museum's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Museum as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
June 20, 2002

FWendel

Fred Wendel, CMA, CA
Provincial Auditor

Statement 1

SASKATCHEWAN WESTERN DEVELOPMENT MUSEUM
STATEMENT OF FINANCIAL POSITION
As at March 31

	2002	2001 (restated)
ASSETS		
Current:		
Cash	$ 89,904	$ 45,841
Short-term investments	980,000	1,650,000
Accounts receivable & accrued interest	56,194	64,445
Inventory & prepaid expenses	210,582	193,057
	1,336,680	1,953,343
Investments (Notes 6 and 7)	90,500	90,500
Capital assets (Note 4)	8,146,517	7,358,654
	$ 9,573,697	$ 9,402,497
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued liabilities	$ 399,056	$ 267,996
Net Assets (Statement 2)		
Unrestricted net assets		
General operating account	(301,697)	95,429
Restricted net assets		
Internally restricted funds (Schedule 2)	167,496	348,743
Investment in capital assets	8,146,517	7,358,654
Externally restricted funds (Schedule 1)	1,162,325	1,331,675
	9,174,641	9,134,501
	$ 9,573,697	$ 9,402,497

(See accompanying notes to the financial statements)

SASKATCHEWAN WESTERN DEVELOPMENT MUSEUM
STATEMENT OF OPERATIONS AND NET ASSETS
Year Ended March 31

Statement 2

	General Operating Funds					Restricted Funds			
	Operating Budget 2002 (Note 8)	General Operating Account 2002	Internally Restricted Funds 2002	Total 2002	Total 2001 (restated)	Capital Assets Fund 2002	Externally Restricted Funds 2002	Total 2002	Total 2001 (restated)
Revenue:									
SELF-GENERATED									
Rentals, concessions and souvenir sales	$ 1,066,900	$ 1,125,192	—	$ 1,125,192	$ 1,148,245	$ —	$ —	$ —	$ —
Less: cost of sales	951,500	1,028,475	—	1,028,475	994,149	—	—	—	—
Gross profit	115,400	96,717	—	96,717	154,096	—	—	—	—
Admissions	381,900	339,818	—	339,818	348,946	—	—	—	—
Donations	—	554	54,307	54,861	56,110	—	154,978	154,978	71,676
Interest earned	—	42,260	—	42,260	50,647	—	—	—	—
Other income	67,200	83,945	43,129	127,074	95,072	—	8,008	8,008	22,931
TOTAL SELF-GENERATED	564,500	563,294	97,436	660,730	704,871	—	162,986	162,986	94,607
GRANTS									
Department of Municipal Affairs and Housing									
- operating grants	2,415,000	2,216,000	175,000	2,391,000	2,365,000	—	815,000	815,000	1,064,617
- employment grants	—	43,897	—	43,897	29,467	—	—	—	—
Canada Employment Centre									
- employment grants	9,500	20,324	—	20,324	15,685	—	—	—	—
Other	—	9,623	—	9,623	10,190	—	—	—	—
TOTAL GRANTS	2,424,500	2,289,844	175,000	2,464,844	2,420,342	—	815,000	815,000	1,064,617
TOTAL REVENUE	2,989,000	2,853,138	272,436	3,125,574	3,125,213	—	977,986	977,986	1,159,224
EXPENSES:									
Salaries and benefits	1,934,100	1,926,175	2,287	1,928,462	1,809,631	—	149,126	149,126	—
Building maintenance and utilities	422,700	392,043	47,082	439,125	372,028	—	29,067	29,067	8,251
General and administrative	189,900	192,830	24,169	216,999	208,636	—	9,892	9,892	6,729
Amortization of capital assets	—	—	—	—	—	515,000	—	515,000	407,495
Promotions and publicity	221,700	228,448	28,694	257,142	222,910	—	820	820	703
Exhibits and collections	84,200	27,472	3,676	31,148	38,979	—	189,971	189,971	150,477
Fundraising	—	—	—	—	—	—	296,668	296,668	234,528
TOTAL EXPENSES	2,852,600	2,766,968	105,908	2,872,876	2,652,184	515,000	675,544	1,190,544	808,183
Excess of revenue over expenses (expenses over revenue)	136,400	86,170	166,528	252,698	473,029	(515,000)	302,442	(212,558)	351,041
Net assets, beginning of year	—	95,429	348,743	444,172	331,364	7,358,654	1,331,675	8,690,329	7,979,067
Interfund transfers									
to purchase capital assets	(235,000)	(441,036)	(511,880)	(952,916)	(302,337)	1,302,863	(349,947)	952,916	302,337
to transfer interest	—	(42,260)	11,339	(30,921)	(39,201)	—	30,921	30,921	39,201
other transfers (Note 10)	—	—	152,766	152,766	(18,683)	—	(152,766)	(152,766)	18,683
Net assets, end of year	$ (98,600)	$ (301,697)	$ 167,496	$ (134,201)	$ 444,172	$ 8,146,517	$ 1,162,325	$ 9,308,842	$ 8,690,329

(See accompanying notes to the financial statements)

Statement 3

SASKATCHEWAN WESTERN DEVELOPMENT MUSEUM
STATEMENT OF CASH FLOWS
Year Ended March 31

	Operating Fund	Restricted Funds	Total 2002	Total 2001 (restated)
Operating activities:				
Cash from (used in) operating activities:				
Excess of revenue over expenses (expenses over revenue)	$ 252,698	$ (212,558)	$ 40,140	$ 824,070
Add back items not requiring cash:				
Amortization	—	515,000	515,000	407,495
	252,698	302,442	555,140	1,231,565
Changes in non-cash working capital items:				
(Increase) decrease in accounts receivable and accrued interest	8,251	—	8,251	(34,113)
(Increase) decrease in inventory and prepaid expenses	(17,525)	—	(17,525)	(25,551)
(Decrease) increase in interfund balance	(169,350)	169,350	—	—
(Decrease) increase in accounts payable	131,060	—	131,060	141,609
	(47,564)	169,350	121,786	81,945
	205,134	471,792	676,926	1,313,510
Investing activities:				
Cash from (used in) investing activities:				
Decrease (increase) in short-term investments	670,000	—	670,000	(1,650,000)
Acquisition of capital assets	(952,916)	(349,947)	(1,302,863)	(400,998)
	(282,916)	(349,947)	(632,863)	(2,050,998)
Net (decrease) increase in cash position	(77,782)	121,845	44,063	(737,488)
Cash, beginning of year	45,841	—	45,841	783,329
Interfund transfers	121,845	(121,845)	—	—
Cash, end of year	$ 89,904	$ —	$ 89,904	$ 45,841
Interest received			$ 63,260	$ 27,858

(See accompanying notes to the financial statements)

SASKATCHEWAN WESTERN DEVELOPMENT MUSEUM
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2002

1. Status

The Western Development Museum Board is continued under *The Western Development Museum Act*. The primary purpose of the Board is to procure objects of historical value and importance to the economic and cultural development of Western Canada and to collect, preserve, restore and exhibit the objects to the public. The Act also established The Western Development Museum Fund, through which all of the Board's financial transactions are conducted.

2. Significant Accounting Policies

These financial statements are prepared in accordance with Canadian generally accepted accounting principles. The significant accounting policies are as follows:

a) Fund Accounting

The Museum follows the restricted fund method of accounting. For financial reporting purposes, accounts with similar characteristics have been combined into the following major funds:

i) Operating Fund

The operating fund reflects the primary operations of the Museum. This includes operating and employment grants, admission revenue and rental, concession and souvenir sales. Expenses are for the delivery of these services. This fund reports unrestricted and internally restricted resources.

ii) Restricted Funds

Restricted funds report the total activity of several separately identifiable restricted funds. The revenues of these individual restricted funds are externally restricted by private individuals or groups that specify how these funds are to be used. Expenses of the restricted funds reflect the costs incurred by the Museum for these projects. The individual restricted funds include:

Restoration Projects Fund

In accordance with donor-imposed restrictions, the net assets of this fund are used to further certain restoration projects.

Artifact Fund

In accordance with a code of professional conduct for museums, all proceeds from the sale of artifacts are used to purchase additional artifacts or strengthen current collections. This fund contains net proceeds from the sale of artifacts.

George Shepherd Library Fund

In 1981, the family of George Shepherd restricted the interest earned off their contribution to be used to augment the George Shepherd Library. Subsequent donors have also imposed this restriction on their donations.

Display Fund

In accordance with a 1983 agreement with Saskatchewan Lotteries Trust Fund for Sports, Culture and Recreation (Sask Lotteries), the net assets of this fund are used to purchase, renovate and upgrade the Museum's accommodations.

Moose Jaw Building

In accordance with the agreement with the Department of Municipal Affairs and Housing, the net assets of this fund are used for new concrete floors at the Moose Jaw Branch.

Winning the Prairie Gamble Fund

In accordance with donor-imposed restrictions, this fund is to be used for fundraising and exhibit development for the 2005 centenary project.

Endowment Fund

In accordance with donor-imposed restrictions, the net assets of this fund are to be held in perpetuity and only the interest earned is to be used for the intended purpose set out by the donor.

Capital Fund

The capital fund reflects the equity of the Museum in capital assets. The capital fund includes revenue designated for the acquisition of capital assets. Expenses consist primarily of amortization of capital assets. During the year, the costs to acquire capital assets are transferred to the Capital Fund.

b) Capital Assets and Amortization

Capital assets costing more than $500 are recorded at cost net of accumulated amortization. Normal maintenance and repairs are expensed as incurred. Capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Office furniture and equipment	10% - 10 years
Computer equipment and software	20% - 5 years
Shop and automotive equipment	10% - 10 years
Buildings	2.5% - 40 years

c) Revenue

Grants and contributions are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Interest revenue that is not externally restricted is recorded as revenue in the operating fund. Interfund transfers allocate the interest earnings to the various internally and externally restricted funds based on each fund's proportionate share of combined net assets.

d) Inventory

Merchandise inventories are valued at the lower of cost and net realizable value.

e) Short-term investments

Short-term investments include term deposits with a maturity greater than 90 days, but less than one year. At year end, the short-term investments have an effective interest rate of 1.8%.

f) Investments

Investments are recorded at cost which approximates fair value.

g) Donated materials and services

The value of donated materials and services is not recorded.

h) Artifacts

Artifact acquisitions are expensed in the year of purchase. Normal maintenance, restoration and repairs of the Museum's collection of artifacts are expensed as incurred.

3. Artifacts

The Museum displays its collection of artifacts at its four branches in Saskatchewan. These locations are North Battleford, Moose Jaw, Saskatoon, and Yorkton.

Each of the branches tells a Saskatchewan story from a unique perspective. They are: The Story of Agriculture at North Battleford; The History of Transportation at Moose Jaw; Industry and Commerce at Saskatoon; and The Story of People at Yorkton.

The Museum is well known for its collection of agricultural equipment and transportation artifacts that were used in the development of Saskatchewan. In addition, the collection contains domestic and commercial artifacts, clothing and textiles, and a wide variety of artifacts relating to life in Saskatchewan. A portion of the collection is used for demonstration of farm technology, pioneer skills and crafts.

4. Capital Assets

	2002			2001
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	$ 155,900	$ —	$ 155,900	$ 155,900
Office furniture & equipment	742,852	524,133	218,719	116,680
Shop furniture & equipment	466,842	413,193	53,649	54,301
Automotive equipment	302,301	190,463	111,838	91,485
Building	13,017,223	5,410,812	7,606,411	6,864,016
Snowbirds Theatre and Gallery	—	—	—	76,272
	$ 14,685,118	$ 6,538,601	$ 8,146,517	$ 7,358,654

Included in the amortization expense for the year ending March 31, 2002 is $76,272 related to the disposal of the Snowbirds Theatre and Gallery assets.

5. Leases

The museums operated by the Board are situated on leased land. The Saskatoon, Moose Jaw and Yorkton properties are leased from the respective city for $1 per year. These leases expire in 2021, 2025, and 2019 respectively. The North Battleford property is leased from Saskatchewan Property Management Corporation for $1 per year. This lease expires in 2020. It is not practicable to estimate the fair value of the leases. Accordingly, contributions in respect of these facilities are not recognized in the financial statements.

6. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies, boards and commissions related to the Museum by virtue of common control by the Government of Saskatchewan (collectively referred to as "related parties").

Routine operating transactions with related parties are as follows:

	2002	2001
Financial statement category:		
Salaries and benefits	$ 303,540	$ 242,584
Building maintenance & utilities	211,582	208,815
Cost of sales	22,473	34,231
Accounts Payable	23,890	13,926

In addition, the Museum pays Provincial Sales Tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

Investments consist of Saskatchewan Savings Bonds of $90,500 (2001 - $90,500), which mature on July 15, 2004 and bear interest annually at 5.00%. These bonds are sold to Saskatchewan residents only and are not publicly traded. They are redeemable annually on July 15 at their face value by the registered owner.

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and notes thereto.

7. Financial Instruments

a) Significant terms and conditions

There are no significant terms and conditions related to financial instruments classified as current assets or current liabilities that may affect the amount, timing and certainty of future cash flows. The terms and conditions for investments are disclosed in Note 6.

b) Credit risk and interest rate risk

The Museum is exposed to minimal credit risk from the potential non-payment of accounts receivable. Also, the Museum is exposed to minimal interest rate risk because its investments can be redeemed annually.

c) Fair value

The carrying amounts of cash, investments, accounts receivable and accrued interest, and accounts payable and accrued liabilities approximate fair value.

8. Budget for Operations

The 2001/02 budget was approved by the Board on June 8, 2001.

9. Winning the Prairie Gamble Fund

The Winning the Prairie Gamble Fund (the Fund) was originally presented as an Internally Restricted Fund. During the year, it was determined that it would be more appropriate to present the Fund as an Externally Restricted Fund. The comparative figures have been reclassified to conform with the current year's presentation.

10. Transfers

During the year, $152,766 was transferred from the Winning the Prairie Gamble Fund to the Grounds Upgrading Fund. This amount was incurred in prior years for the Winning the Prairie Gamble Project before the designated funding was received for the project.

Schedule 1

SASKATCHEWAN WESTERN DEVELOPMENT MUSEUM
SCHEDULE OF EXTERNALLY RESTRICTED FUNDS
Year Ended March 31, 2002

	Winning the Prairie Gamble Fund	Artifact Fund	Restoration Projects	Display Fund	Endowment Funds	Moose Jaw Building Fund	George Shepherd Library Fund	Other Funds	Totals
Revenue:									
Grants revenue	815,000	—	—	—	—	—	—	—	815,000
Interest revenue	—	—	—	—	—	—	—	—	—
Donations revenue	65,000	—	53,690	—	32,880	—	108	3,300	154,978
Other revenue	—	1,200	6,808	—	—	—	—	—	8,008
Total revenue	880,000	1,200	60,498	—	32,880	—	108	3,300	977,986
Expenses:									
Salaries and benefits	149,126	—	—	—	—	—	—	—	149,126
Building maintenance	—	—	6,714	—	—	22,353	—	—	29,067
General and administrative	6,756	—	2,103	—	—	1,033	—	—	9,892
Promotions	462	—	358	—	—	—	—	—	820
Exhibits and collections	153,123	250	33,810	—	—	—	—	2,788	189,971
Fundraising	296,668	—	—	—	—	—	—	—	296,668
Total expenses	606,135	250	42,985	—	—	23,386	—	2,788	675,544
Excess of revenue over expenses (expenses over revenue)	273,865	950	17,513	—	32,880	(23,386)	108	512	302,442
Fund balance, beginning of year	$ 762,928	$ 138,865	$ 124,732	$ 77,093	$ —	$ 213,771	$ 5,221	$ 9,065	$1,331,675
Interfund transfers									
Interest transfers	9,733	6,737	4,707	2,839	156	6,079	286	384	30,921
Capital transfers	(149,044)	(1,406)	(17,125)	—	—	(182,372)	—	—	(349,947)
Other transfers	(152,766)	—	—	—	—	—	—	—	(152,766)
Fund balance, end of year	$ 744,716	$ 145,146	$ 129,827	$ 79,932	$ 33,036	$ 14,092	$ 5,615	$ 9,961	$1,162,325

Schedule 2

SASKATCHEWAN WESTERN DEVELOPMENT MUSEUM
SCHEDULE OF INTERNALLY RESTRICTED FUNDS
For the Year Ended March 31, 2002

	Reserve Fund	Membership Fund	Branch Building Fund	Grounds Upgrading	Capital Upgrading	Other Funds	Totals
Revenue:							
Grants revenue	—	—	—	—	175,000	—	175,000
Donations revenue	—	32,176	16,046	—	—	6,085	54,307
Other revenue	8,232	—	11,036	—	—	23,861	43,129
Total revenue	8,232	32,176	27,082	—	175,000	29,946	272,436
Expenses:							
Salaries and benefits	—	2,287	—	—	—	—	2,287
Building maintenance	—	—	3,334	1,450	42,298	—	47,082
General and administrative	—	7,913	—	1,742	—	14,514	24,169
Promotions	—	—	4,160	616	—	23,918	28,694
Exhibits and collections	—	1,582	2,150	—	—	(56)	3,676
Fundraising	—	—	—	—	—	—	—
Total expenses	—	11,782	9,644	3,808	42,298	38,376	105,908
Excess of revenue over expenses (expenses over revenue)	8,232	20,394	17,438	(3,808)	132,702	(8,430)	166,528
Fund balance, beginning of year	$ 18,381	$ 46,783	$ 41,615	$ 192,838	$ 33,596	$ 15,530	$ 348,743
Interfund transfers							
Interest transfers	825	2,098	1,649	4,067	2,398	302	11,339
Capital transfers	(6,152)	—	(2,300)	(344,703)	(158,725)	—	(511,880)
Other transfers	—	(10,000)	10,000	152,766	—	—	152,766
Fund balance, end of year	$ 21,286	$ 59,275	$ 68,402	$ 1,160	$ 9,971	$ 7,402	$ 167,496

Deloitte & Touche

Auditors' Report

To the Members of
Tourism Authority
o/a Tourism Saskatchewan

We have audited the balance sheet of Tourism Saskatchewan as at September 30, 2001 and the statements of operations, cash flows and changes in net assets for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at September 30, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
Regina, Saskatchewan

November 5, 2001

TOURISM SASKATCHEWAN
Balance Sheet
September 30, 2001

	2001	2000 (As restated, see Note 3)
ASSETS		
CURRENT		
Cash (Note 6)	$ 730,514	$ -
Accounts receivable	178,609	406,042
GST receivable (Note 4)	10,504	47,678
Inventory	107,946	169,553
Prepaid expenses	198,425	260,247
	1,225,998	883,520
INVESTMENT	-	12,500
CAPITAL ASSETS (Note 5)	1,009,155	1,037,957
	$ 2,235,153	$ 1,933,977
LIABILITIES and NET ASSETS		
CURRENT LIABILITIES		
Bank indebtedness (Note 6)	$ -	$ 21,565
Accounts payable and accrued liabilities	593,308	552,173
Unearned revenue	145,913	102,792
Current portion of deferred contributions related to capital assets (Note 7)	18,488	18,488
Deferred grant contribution (Note 7)	288,125	288,125
Current portion of long term debt (Note 8)	37,888	34,811
	1,083,722	1,017,954
LONG TERM		
Deferred contributions related to capital assets (Note 7)	-	18,488
Leasehold improvement loan (Note 8)	351,023	388,911
	1,434,745	1,425,353
NET ASSETS		
Net assets invested in capital assets	601,756	577,259
Net assets restricted for Partnership Marketing Fund (Note 9)	115,702	51,626
Net assets restricted for Provincial Marketing Fund (Note 9)	45,165	29,754
Net assets restricted for operational purposes (Note 9)	147,000	-
Unrestricted net assets (deficit)	(109,215)	(150,015)
	800,408	508,624
	$ 2,235,153	$ 1,933,977

See accompanying notes to financial statements.

APPROVED BY THE BOARD:

_______________ Director

_______________ Director

TOURISM SASKATCHEWAN
Statement of Operations
Year ended September 30, 2001

	2001	2000 (As restated, see Note 3)
REVENUE		
Operating Grant - Province of Saskatchewan	$ 6,915,000	$ 6,915,000
Partnership	495,893	600,469
Education and training	578,899	933,628
Advertising	265,042	228,019
Sales and services (Note 10)	70,746	66,926
Listings	121,758	114,809
Membership	47,982	39,910
Interest and other	26,085	3,762
	8,521,405	8,902,523
EXPENSES		
Administration (Schedule 1)	1,150,330	1,103,916
Education and training (Schedule 2)	816,749	1,093,890
Marketing and advertising (Schedule 3)	4,379,711	4,430,008
Membership and visitor services (Schedule 4)	1,813,790	1,920,200
Board and committees	32,826	36,013
	8,193,406	8,584,027
EXCESS OF REVENUE OVER EXPENSES	**$ 327,999**	**$ 318,496**
Net invested in capital assets	(24,497)	135,045
Restricted for Partnership Marketing Fund (Note 9)	(115,702)	(51,626)
Restricted for operational purposes (Note 9)	(147,000)	-
NET INCREASE TO UNRESTRICTED NET ASSETS	**$ 40,800**	**$ 401,915**

See accompanying notes to financial statements.

TOURISM SASKATCHEWAN
Statement of Cash Flows
Year ended September 30, 2001

	2001	2000 (As restated, see Note 3)
Cash from operating activities		
Excess of revenue over expenses	$ 327,999	$ 318,496
Add (deduct) items not requiring the use of cash:		
Depreciation of capital assets	230,428	253,736
Write-down of investment	-	12,500
Amortization of deferred contributions related to capital assets (Note 7)	(18,488)	(18,488)
	539,939	566,244
Net change in non-cash working capital items (Note 12)	472,292	218,766
Net cash generated from operating activities	1,012,231	785,010
Cash from investing activities		
Increase in deferred contributions related to capital assets (Note 7)	-	55,464
Purchase of capital assets	(189,126)	(569,045)
Expenditures from Partnership Marketing Fund	(36,215)	(8,246)
Net cash used in investing activities	(225,341)	(521,827)
Cash from financing activities		
Repayment of capital lease obligation	-	(10,344)
Proceeds from leasehold improvement loan	-	455,658
Repayment of leasehold improvement loan	(34,811)	(31,936)
Net cash generated from (used in) financing activities	(34,811)	413,378
Net increase in cash	752,079	676,561
Bank indebtedness, beginning of year	(21,565)	(698,126)
Cash (bank indebtedness), end of year	$ 730,514	$ (21,565)

See accompanying notes to financial statements.

TOURISM SASKATCHEWAN
Statement of Changes in Net Assets
Year Ended September 30, 2001

NET ASSETS (DEFICIT)	Invested in capital assets	Restricted for Partnership Marketing Fund	Restricted for Provincial Marketing Fund	Restricted for operational purposes	Unrestricted	2001 Total	2000 Total (As restated, see Note 3)
Balance, beginning of year	$ 577,259	$ 51,626	$ 29,754	$ -	$ (150,015)	$ 508,624	$ 198,374
Excess of revenue over expenses (1)	(211,940)	-	-	-	539,939	327,999	318,496
Investment in capital assets (2)	236,437	-	-	-	(236,437)	-	-
Expenditures incurred during the year	-	(36,215)	-	-	-	(36,215)	(8,246)
Transfer between restricted funds	-	(15,411)	15,411	-	-	-	-
Internally imposed restrictions (Note 9)	-	115,702	-	147,000	(262,702)	-	-
Balance, end of year	$ 601,756	$ 115,702	$ 45,165	$ 147,000	$ (109,215)	$ 800,408	$ 508,624

See accompanying notes to financial statements.

(1) Consists of:	
Depreciation expense	$ 230,428
less amortization of deferred contributions related to capital assets (Note 7)	(18,488)
Reduction in net assets invested in capital assets	$ 211,940

(2) Consists of:	
Repayment of leasehold improvement loan	$ 34,811
Purchase of capital assets with unrestricted resources	201,626
Increase in net assets invested in capital assets	$ 236,437

TOURISM SASKATCHEWAN
Notes to the Financial Statements
Year Ended September 30, 2001

1. DESCRIPTION OF BUSINESS

The Tourism Authority, operating as Tourism Saskatchewan (the "Authority"), was incorporated as a non-profit organization under the Tourism Authority Act and commenced operations on October 1, 1994. The Authority was formed to promote and develop tourism in Saskatchewan on behalf of the tourism industry and the Government of Saskatchewan. Certain assets were transferred to the Authority from the Government of Saskatchewan, Department of Economic Development and Saskatchewan Property Management Corporation (SPMC).

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

a) *Revenue Recognition*

The Authority follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated, collection is reasonably assured and the expenses relating to the contribution are incurred.

b) *Inventory*

Inventory is valued at the lower of cost and net realizable value.

c) *Capital Assets*

Capital assets are recorded at cost and depreciated over their estimated useful lives. Leasehold improvements are depreciated over the lease terms. Depreciation is calculated using the straight-line method at the following annual rates:

Photo library	10%
Furniture & equipment	10% to 20%
Computer equipment	33%
Central Reservation System	13%
Leasehold improvements	10% to 20%
Signs & displays	20%

d) *Unearned Revenue*

Advertising and listing amounts received, which are related to future publications, are recorded as unearned revenue.

TOURISM SASKATCHEWAN
Notes to the Financial Statements
Year Ended September 30, 2001

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

e) Income Taxes

The Authority is incorporated as a non-profit organization and is exempt from income taxes.

f) Measurement Uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may vary from the current estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

3. CHANGE IN ACCOUNTING POLICIES

a) Industry In-Kind Contributions and Partnership Revenue

During the year ended September 30, 2001, the Authority adopted changes in its method of recognizing revenue from industry in-kind contributions and in its method of recognizing revenue from marketing programs with regional and industry partners. Previously, the Authority recognized revenue offset by equivalent amounts allocated among the related expense categories in the following manner:

i) Industry in-kind contributions revenue was recognized for goods and services, except for volunteer labour, provided to the Authority by industry partners at discounted or complimentary rates, and

ii) Partnership revenue was recognized for the partners' contribution to programs and projects where the Authority approved and contributed funding up to 50% of total expenditures for marketing programs and projects to regional and industry partners.

The Authority no longer recognizes these types of revenue in order to provide a more accurate presentation of the cash resources available to and used in the organization's operations.

These changes have been applied retroactively. As a result, the financial statements for the year ended September 30, 2000 have been restated. The effect of the changes on the 2000 financial statements is as follows:

Statement of Operations	**2000**
Remove industry in-kind contributions revenue	(1,912,339)
Decrease partnership revenue	(706,000)
Decrease education and training expenses	(8,534)
Decrease marketing and advertising expenses	(2,533,805)
Decrease membership and visitor services expenses	(76,000)

There are no changes to the 2000 balance sheet, statement of changes in net assets or the statement of cash flows.

TOURISM SASKATCHEWAN
Notes to the Financial Statements
Year Ended September 30, 2001

b) Partnership Marketing Fund Expenses

During the year ended September 30, 2001, the Authority adopted a change in its method of accounting for unused funding for marketing programs to regional and industry partners. The Authority enters into contracts with the tourism regions and industry partners to provide funds for eligible marketing activities to be carried out subsequent to the year-end. Previously, the maximum amount remaining to be paid out pursuant to these contracts and subject to the regions and partners incurring eligible marketing expenditures by November 30 of the following fiscal year, has been disclosed as future commitments in the notes to the financial statements.

The Authority now records the maximum amount remaining to be earned by the regions and partners pursuant to these contracts as net assets restricted for the partnership marketing fund. In the following year, the restricted amounts are reduced subject to the regions and partners incurring eligible marketing expenditures by November 30. If, after November 30 of the following year, amounts remain unspent, the unspent balance is transferred out of the net assets restricted for partnership marketing fund and into net assets restricted for provincial marketing fund.

These changes have been applied retroactively. As a result, the financial statements for the year ended September 30, 2000 have been restated. The effect of the changes on the 2000 financial statements is as follows:

Balance Sheet	2000
Increase net assets restricted for partnership marketing fund	51,626
Decrease unrestricted net assets	(51,626)
Statement of Operations	
Decrease in marketing and advertising expenses	8,246
Increase in excess of revenue over expenses	8,246

4. GST RECEIVABLE

The Authority claims goods and services input tax credits based upon its level of staff time devoted to generating GST taxable supplies. For the year ended September 30, 2001, the applicable rate was 70%. Purchases of goods for resale are eligible for 100% input tax credits.

GST receivable is net of any GST payable.

5. CAPITAL ASSETS

		Accumulated	Net Book Value	
	Cost	Depreciation	2001	2000
Photo library	$ 376,131	103,000	$ 273,131	$ 212,509
Furniture and equipment	341,576	159,110	182,466	190,364
Computer equipment	429,651	368,465	61,186	61,753
Central Reservation System	219,035	133,056	85,979	113,828
Leasehold improvements	454,795	79,731	375,064	412,915
Signs and displays	107,409	76,080	31,329	46,588
	$ 1,928,597	$ 919,442	$1,009,155	$1,037,957

TOURISM SASKATCHEWAN
Notes to the Financial Statements
Year Ended September 30, 2001

6. CASH (BANK INDEBTEDNESS)

The Authority has access to the following operating line of credit limits, repayable on demand with interest paid monthly at the TD Bank prime rate.

Base operating limit	$ 500,000
Incremental (available February 1 to May 31, annually)	$ 300,000

7. DEFERRED CONTRIBUTIONS

Deferred Grant Contribution

Deferred grant contribution represents the accelerated receipt of an operating grant payment from Economic and Co-operative Development. Pursuant to the $6,915,000 annual funding agreement, the payment schedule was revised during the 1998/99 fiscal year. The transition to the revised payment schedule resulted in an accelerated payment of $288,125 being received before the Authority's 1998/99 fiscal year end. $288,125 of the annual receipts will continue to be deferred to maintain a level of operating grant revenue consistent with the annual funding agreement.

Deferred Contributions Related to Capital Assets

Deferred contributions related to capital assets represent contributions received for the purpose of purchasing capital assets for specific projects. During the 1999/00 fiscal year, $55,464 of contributions for the purchase of capital assets had been deferred. The contributions are being recognized on the same basis as the related capital assets are depreciated. During the year, $18,488 of the deferred contribution related to capital assets has been recognized as a reduction to depreciation expense. The remaining deferred contribution at September 30, 2001 is $18,488.

8. LONG TERM LIABILITIES

	2001	2000
Leasehold Improvement Loan		
Leasehold improvement loan due December 31, 2009 with an interest rate of 8.5%, repayable in monthly installments of $5,791 including principal and interest, secured by leasehold improvements and other capital assets.	$ 388,911	423,722
Less due within one year	(37,888)	(34,811)
	$ 351,023	$ 388,911

9. RESTRICTED NET ASSETS

a) Net Assets Restricted for Partnership Marketing Fund

The Authority has entered into contracts with the tourism regions and industry partners to provide funds for eligible marketing activities to be carried out subsequent to the year-end. During the year, the Authority's board of directors internally restricted $115,702 ($51,626 in 2000) of unrestricted net assets, the maximum amount remaining to be paid out pursuant to these contracts and subject to the regions and partners incurring eligible marketing expenditures by November 30, 2001. These internally restricted amounts are not available for other purposes without approval of the board of directors.

TOURISM SASKATCHEWAN
Notes to the Financial Statements
Year Ended September 30, 2001

a) Net Assets Restricted for Partnership Marketing Fund (Cont'd)

Changes to the balance of net assets restricted for the Partnership Marketing Fund are as follows:

		2001		2000 (As restated, see Note 3)
Beginning balance	$	51,626	$	38,000
Less expenditures incurred during the year on regional and industry partner marketing activities		(36,215)		(8,246)
Less funds transferred to Provincial Marketing Fund representing unspent marketing funds from previous year's marketing contracts		(15,411)		(29,754)
Add internally imposed restrictions during the year		115,702		51,626
Ending balance	$	115,702	$	51,626

b) Net Assets Restricted for Provincial Marketing Fund

During the year, the Authority's board of directors internally restricted $15,411 ($29,754 in 2000) of net assets restricted for partnership marketing funds for provincial marketing campaigns by transferring the amounts into net assets restricted for provincial marketing fund. The CEO of Tourism Saskatchewan determines provincial marketing campaigns in consultation with the President's Marketing Advisory Council. The amount represents unspent marketing funds from the 1999/2000 marketing contracts with the tourism regions and industry partners and is being restricted for this purpose consistent with the recommendation presented in the "KEEPING P.A.C.E." report of April 1998. These internally restricted amounts are not available for other purposes without approval of the board of directors.

Changes to the balance of net assets restricted for the Provincial Marketing Fund are as follows:

		2001		2000
Beginning balance	$	29,754	$	-
Add internally imposed restrictions during the year		15,411		29,754
Less expenditures incurred during the year on provincial marketing campaigns		-		-
Ending balance	$	45,165	$	29,754

c) Net Assets Restricted for Operational Purposes

During the year, the Authority's board of directors internally restricted $147,000 ($Nil in 2000) of unrestricted net assets for operational purposes, which include activities for marketing and research, for communications and executive office, and for information technology purposes. These internally restricted amounts are not available for other purposes without approval of the board of directors.

10. RETAIL SALES

Retail sales are shown net of cost of goods sold of $87,820 ($68,096 in 2000).

TOURISM SASKATCHEWAN
Notes to the Financial Statements
Year Ended September 30, 2001

11. COMMITMENTS

Leases

The Authority has entered into leases for office premises in Regina and Saskatoon and Visitor Information Centres at various locations in the province. The future minimum lease payments are as follows:

2002	$ 265,675
2003	265,675
2004	180,062
2005	176,167
2006	177,463

12. CHANGES IN NON-CASH WORKING CAPITAL ITEMS

	2001	2000
Accounts receivable	$ 227,433	$ 188,086
GST receivable	37,174	(26,776)
Inventory	61,607	82,356
Prepaid expenses	61,822	(78,844)
Accounts payable and accrued liabilities	41,135	31,911
Unearned revenue	43,121	22,033
	$ 472,292	$ 218,766

13. COMPARATIVE FIGURES

Certain of prior year's comparative figures have been reclassified to conform to the current year's presentation.

TOURISM SASKATCHEWAN
Schedule of Administration Expenses
Year ended September 30, 2001

Schedule 1

	2001	2000
Bad debts	$ 680	$ 15,822
Building rental	35,840	32,962
Depreciation	19,801	25,520
Equipment rental	24,476	27,445
Insurance	11,505	11,875
Interest and bank charges	45,881	58,650
Legal	7,065	9,939
Postage	22,527	20,760
Professional services	83,139	27,455
Repairs and maintenance	6,392	4,295
Salaries and benefits	787,232	793,114
Stationery and supplies	24,614	19,871
System consulting/development	45,115	36,860
Telephone	11,577	14,620
Travel	24,486	4,728
	$ 1,150,330	$ 1,103,916

See accompanying notes to financial statements.

TOURISM SASKATCHEWAN
Schedule of Education and Training Expenses
Year ended September 30, 2001 **Schedule 2**

	2001	2000 (As restated, see Note 3)
Building rental	$ 53,759	$ 49,239
Depreciation	29,698	38,279
Professional services	20,666	151,449
Salaries and benefits	504,351	533,205
STEC training costs	169,116	289,629
Travel	39,159	32,089
	$ 816,749	$ 1,093,890

See accompanying notes to financial statements.

TOURISM SASKATCHEWAN
Schedule of Marketing and Advertising Expenses
Year ended September 30, 2001

Schedule 3

	2001	2000 (As restated, see Note 3)
Advertising and media publicity	$ 1,340,321	$ 1,431,872
Association and professional dues	15,054	15,225
Audio visual supplies	4,293	1,184
Building rental	58,239	53,342
Courier and freight	26,919	26,885
Depreciation	51,605	55,301
Events	72,877	82,245
Partnership Marketing Fund	1,326,619	1,309,315
Postage	22,527	20,432
Professional services	182,045	194,929
Promotional items	39,887	21,166
Salaries and benefits	952,136	975,970
Subscriptions and reference material	5,883	2,009
Telephone	18,744	24,579
Travel	200,344	165,315
Travel show costs	62,218	50,239
	$ 4,379,711	$ 4,430,008

See accompanying notes to financial statements.

TOURISM SASKATCHEWAN
Schedule of Membership and Visitor Services Expenses
Year ended September 30, 2001 Schedule 4

	2001	2000 (As restated, see Note 3)
Building rental	$ 172,372	$ 156,320
Depreciation	110,836	116,148
Postage	220,414	176,598
Printing, publishing and duplication	74,446	120,285
Professional services	-	3,762
Salaries and benefits	658,429	684,648
Telephone	55,708	65,884
Travel	18,798	7,714
Travel literature	502,787	588,841
	$ 1,813,790	$ 1,920,200

See accompanying notes to financial statements.

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Training Completions Fund as at March 31, 2002 and the statement of operations and net assets for the year then ended. The Training Completions Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Training Completions Fund as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred Wendel, CMA, CA
Provincial Auditor

Regina, Saskatchewan
July 16, 2002

Statement 1

Training Completions Fund
Statement of Financial Position
As at March 31

	2002	2001
Assets		
Due from General Revenue Fund (Note 4)	$ 350,581	$ 282,443
Accounts receivable	7,804	-
	$ 358,385	$ 282,443
Liabilities and Net Assets		
Liabilities		
Accounts payable	$ 610	$ 485
Net assets (Statement 2)	357,775	281,958
	$ 358,385	$ 282,443

(See accompanying notes to the financial statements)

Statement 2

Training Completions Fund
Statement of Operations and Net Assets
For the Year Ended March 31

	2002	2001
Revenue		
Contributions	$ 65,550	$ 76,895
Interest income	10,267	12,297
	75,817	89,192
Expenses	-	-
Surplus for the year	75,817	89,192
Net assets, beginning of year	281,958	192,766
Net assets, end of year - to Statement 1	$ 357,775	$ 281,958

(See accompanying notes to the financial statements)

Training Completions Fund
Notes to the Financial Statements
March 31, 2002

1. Purpose of the Fund

The Training Completions Fund (Fund) was created under the *Private Vocational Schools Regulation Act, 1995.* The act was proclaimed on December 15, 1995.

The Fund is administered by the Department of Post-Secondary Education and Skills Training. The revenue of the Fund consists of monies that operators are directed by regulations to provide, donations to the Fund and earnings from the investments of the Fund. The Fund is to be used to provide the financial resources necessary to continue the training of students affected by the closure of a school.

2. Significant Accounting Policies

The financial statements are prepared in accordance with Canadian generally accepted accounting principles.

3. Related Party Transactions

The Fund has not been charged with any administrative costs and no provision for such costs is reflected in these statements. These costs are borne by the Department of Post-Secondary Education and Skills Training.

4. Due From General Revenue Fund

The monies of the Fund are deposited in the General Revenue Fund. The Fund's interest is calculated and paid from the General Revenue Fund on a quarterly basis using the Government's thirty-day borrowing rate and the Fund's average daily account balance. The Government's average thirty-day borrowing rate for 2002 is 3.41% (2001 - 5.59%)

5. Financial Instruments

The Fund's financial instruments include due from General Revenue Fund, accounts receivable and accounts payable. Due to the immediate or short-term nature, the fair value of these financial instruments approximates their carrying values.

6. Cash Flow Statement

A cash flow statement has not been presented since the cash flow information is readily apparent from the other financial statements.

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Transportation Partnerships Fund as at March 31, 2002 and the statements of revenue, expenditure and net assets, and cash flows for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Transportation Partnerships Fund as at March 31, 2002 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred Wendel, CMA, CA
Provincial Auditor

Regina, Saskatchewan
July 10, 2002

Statement 1

TRANSPORTATION PARTNERSHIPS FUND
STATEMENT OF FINANCIAL POSITION
As at March 31

	2002	2001
ASSETS		
Current Assets:		
Due from General Revenue Fund (Note 3)	$ 5,346,348	$ 2,956,678
Accounts Receivable	349,387	417,275
	$ 5,695,735	$ 3,373,953
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts Payable	$ 95,025	$ 29,318
Long Term Liabilities:		
Deferred Revenue (Note 5)	3,156,533	-
Net Assets (Statement 2)	2,444,177	3,344,635
	$ 5,695,735	$ 3,373,953

(See accompanying notes to financial statements)

Statement 2

TRANSPORTATION PARTNERSHIPS FUND
STATEMENT OF REVENUE, EXPENDITURE AND NET ASSETS
For The Year Ending March 31

		2002		2001
Revenue				
Transportation Partnerships Agreement Revenues	$	1,024,358	$	1,160,214
Sale of Technology		5,000		16,050
Interest Revenue (Note 3)		108,192		140,295
Total Revenue	$	1,137,550	$	1,316,559
Expenditure				
Highway Improvement Projects	$	1,842,891	$	43,723
R & D Costs		108,322		53,364
Technology Manufacturing Costs		-		8,754
Administrative Expenses (Note 4)		86,795		85,278
Total Expenditure	$	2,038,008	$	191,119
(Deficit) Surplus for the year	$	(900,458)	$	1,125,440
Net Assets, beginning of year		3,344,635		2,219,195
Net Assets, end of year (Statement 1)	$	2,444,177	$	3,344,635

(See accompanying notes to financial statements)

Statement 3

TRANSPORTATION PARTNERSHIPS FUND
STATEMENT OF CASH FLOWS
For the Year Ended March 31

		2002		2001
Cash flows from operating activities:				
Cash Receipts From Transportation Companies	$	1,069,226	$	1,276,326
Cash Receipts From Appropriations for Deferred Items		3,156,533		-
Cash Receipts From Technology Sales		5,000		28,050
Interest Received		131,212		122,295
Cash Paid For Highway Improvement Projects		(1,747,866)		(38,280)
Cash Paid For R & D Initiatives		(132,196)		(29,490)
Cash Paid For Manufacturing Costs		(5,444)		(17,956)
Cash Paid to R.M. Shareables		-		(1,167)
Cash Paid For Administration		(86,795)		(85,278)
Net increase in cash	$	2,389,670	$	1,254,500
Due From General Revenue Fund, beginning of year		2,956,678		1,702,178
Due From General Revenue Fund, end of year	$	5,346,348	$	2,956,678

(See accompanying notes to financial statements)

TRANSPORTATION PARTNERSHIPS FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2002

1. Authority and Definition of Entity

The Transportation Partnerships Fund was established effective July 1, 1997 pursuant to Section 8 of *The Highways and Transportation Act, 1997*. The purpose of the Fund is to generate revenues to be used for highway improvement projects. The Transportation Partnerships Fund generates revenues subject to the terms of trucking partnership agreements, in which the transportation companies pay the Fund a portion of cost savings achieved from being able to haul overweight and/or over dimension loads. Additional revenues are raised through the marketing of transportation related technology and expertise.

2. Significant Accounting Policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The Fund follows the deferral method for contributions. The following accounting principles are considered significant.

a) Revenue recognition
i) Transportation Partnerships Agreement revenue - recognized in the period the truck haul savings are realized.
ii) Contributions – recognized when received or receivable or when the related expenses are incurred if the contribution is restricted.

b) Cash and cash equivalents consist of amounts on deposit with the General Revenue Fund.

3. Due from General Revenue Fund

The monies of the Transportation Partnerships Fund are deposited in the General Revenue Fund. Under this arrangement, earned interest is calculated and paid by the General Revenue Fund on the net position of the Transportation Partnerships Fund on a quarterly basis using the Government's thirty day borrowing rate and the Transportation Partnerships Fund's average daily bank account balance. The effective interest in the year was 3.41% (2001 – 5.42%).

4. Related Party Transactions

All Government of Saskatchewan agencies such as departments, corporations, boards and commissions are related as they are controlled by the Government. These financial statements include transactions with other Government agencies. These transactions are in the normal course of operations and are recorded at agreed upon exchange amounts.

During the year, the Fund was charged $86,975 (2001- $85,278) by the Department of Highways and Transportation General Revenue Fund for salary and administrative expenses.

Accounts payable includes $756 (2001 - $29,318) due to the Highways Revolving Fund, and $66,503 (2001 - $0) due to SaskPower, a related party.

Transportation Partnerships Agreement Revenues include $89,894 (2001 - $32,808) from SaskPower, pursuant to a transportation partnership agreement between the Fund and SaskPower. At year-end SaskPower owed the Fund $51,000 (2001 - $0).

The Fund earned interest income of $108,192 (2001 - $140,295) on monies deposited in the General Revenue Fund. At year-end, the Fund had monies deposited in the General Revenue Fund totaling $5,346,348 (2001 - $2,956,678).

5. Deferred Revenue

In 2001-02, the Fund received $3,156,533 from the Department of Highways Appropriation. The funding will be used to provide financial assistance for eligible Short Line Railways and to improve the transportation infrastructure in Saskatchewan. All monies once repaid and monies not loaned to short line companies will be invested in infrastructure projects.

The monies will be recorded as revenue in the future period that infrastructure project expenditures are incurred.

6. Comparison of Planned and Actual Results

	Budget	Actual	Variance
REVENUE			
Transportation Partnership Agreements	$ 1,250,000	$ 1,024,358	$ (225,642)
Other Revenue	165,000	5,000	(160,000)
Interest Revenue	60,000	108,192	48,192
	$ 1,475,000	$ 1,137,550	$ (337,450)
EXPENDITURES			
Road Expenditures	$ 2,497,000	$ 1,842,891	$ 654,109
Other Transportation Initiatives	112,800	108,322	4,478
Administrative Expenses	97,500	86,795	10,705
	$ 2,707,300	$ 2,038,008	$ 669,292
SURPLUS (DEFICIT) FOR THE YEAR	$(1,232,300)	$ (900,458)	$ 331,842

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the University of Regina Crown Foundation as at April 30, 2001 and the statement of operations and changes in net assets for the year then ended. The University of Regina Crown Foundation's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the University of Regina Crown Foundation as at April 30, 2001 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred Wendel, CMA, CA
Acting Provincial Auditor

Regina, Saskatchewan
June 22, 2001

Statement 1

UNIVERSITY OF REGINA CROWN FOUNDATION
STATEMENT OF FINANCIAL POSITION
As at April 30

	2001	2000
Assets		
Cash	$ NIL	$ NIL
Net assets (Statement 2)	$ NIL	$ NIL

On behalf of the Board of Trustees

Chairperson of the Board

Secretary of the Board

(See accompanying notes to the financial statements)

Statement 2

UNIVERSITY OF REGINA CROWN FOUNDATION
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
For the year ended April 30

	2001	2000
Revenues		
Donations	$ NIL	$ NIL
Interest income	NIL	NIL
	NIL	NIL
Expenses		
Disbursements to the University of Regina	NIL	NIL
(Deficiency) of revenues over expenses	NIL	NIL
Net assets, beginning of year	NIL	NIL
Net assets, end of year - to Statement 1	$ NIL	$ NIL

(See accompanying notes to the financial statements)

UNIVERSITY OF REGINA CROWN FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2001

1. Authority

The University of Regina Crown Foundation is incorporated under *The Crown Foundation Act* pursuant to Order in Council 842/94 effective December 15, 1994. As an agent of the Crown in right of the province, donations to the Foundation qualify under the *Income Tax Act* for a tax credit in the case of individuals and for a deduction in the case of corporations.

The purpose of the Foundation is to receive gifts of real and personal property, including money, and to provide grants and transfers of real and personal property to the University of Regina for the purpose of supporting and promoting its education or research activities.

2. Significant Accounting Policies

These financial statements are prepared in accordance with generally accepted accounting principles. The following accounting policies are considered significant.

a) Accrual Basis

The financial statements are prepared on the accrual basis of accounting.

3. Related Party Transactions

Saskatchewan Crown controlled departments and agencies are related to the Foundation.

The University of Regina is also related to the Foundation through representation on the Foundation's Board of Trustees. The University of Regina provides management services to the Foundation without charge, therefore, no provision for such costs is reflected in these financial statements.

4. Organizational Status

Prior to 1997, in certain circumstances, there were personal income tax advantages for individuals to donate to the University via the University of Regina Crown Foundation. These advantages were removed by 1997 Federal Income Tax regulation changes.

In 1997, the Canada Customs and Revenue Agency (CCRA) stated that in 2001 they would review the changes made in 1997. At that time, there may again be personal income tax advantages for individuals to donate to the University via the University of Regina Crown Foundation.

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the University of Saskatchewan Crown Foundation as at April 30, 2001 and the statements of operations and changes in net assets and cash flows for the year ended April 30, 2001. The University of Saskatchewan Crown Foundation's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the University of Saskatchewan Crown Foundation as at April 30, 2001 and the results of its operations and its cash flows for the year ended April 30, 2001 in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
July 20, 2001

Fred Wendel, CMA, CA
Acting Provincial Auditor

Statement 1

UNIVERSITY OF SASKATCHEWAN CROWN FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS AT APRIL 30

	2001	2000 (Restated-Note 3)
Assets		
Cash	$ 187,672	$ 286,693
Other Assets	15,477	12,609
	$ 203,149	$ 299,302
Net assets (Statement 2)	$ 203,149	$ 299,302

On behalf of the Board of Trustees

Chairperson of the Board

Secretary of the Board

(See accompanying notes to the financial statements)

Statement 2

UNIVERSITY OF SASKATCHEWAN CROWN FOUNDATION

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED APRIL 30

	2001	2000 (Restated-Note 3)
REVENUES		
Donations	$ 259,248	$ 683,048
Interest	14,170	33,190
	273,418	716,238
EXPENSES		
Transfer to University of Saskatchewan	358,700	784,965
Insurance policy premiums (Note 4)	10,871	10,590
	369,571	795,555
Excess of expenses over revenues	(96,153)	(79,317)
Net assets, beginning of year	299,302	378,619
Net assets, end of year - to Statement 1	$ 203,149	$ 299,302

(See accompanying notes to the financial statements)

Statement 3

UNIVERSITY OF SASKATCHEWAN CROWN FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED APRIL 30

	2001	2000
Cash provided by (used in):		
Operating activity:		
Donations	$ 245,509	$ 669,309
Interest Revenue	14,170	33,190
Transfer to University of Saskatchewan	(358,700)	(784,965)
Net increase (decrease) in cash position during the year	(99,021)	(82,466)
Cash, beginning of year	286,693	369,159
Cash, end of year	$ 187,672	$ 286,693

(See accompanying notes to the financial statements)

THE UNIVERSITY OF SASKATCHEWAN CROWN FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS

April 30, 2001

1. Authority and Purpose

The University of Saskatchewan Crown Foundation (Foundation) is incorporated under *The Crown Foundation Act* pursuant to Order in Council 842/94 effective December 15, 1994. As an agent of the Crown in the right of the province, donations to the Foundation qualify under the *Income Tax Act* for a tax credit in the case of individuals and for a deduction in the case of corporations.

The purpose of the Foundation is to receive gifts of real and personal property, including money, and to provide grants and transfers of real and personal property to the University of Saskatchewan (University) for the purpose of supporting and promoting its education or research activities. The Foundation began operations on December 20, 1995.

2. Significant Accounting Policies

These financial statements are prepared in accordance with generally accepted accounting principles. The following accounting policies are considered significant:

a) Accrual Basis

The financial statements are prepared on the accrual basis of accounting.

b) Donations and Pledges

Donations are recorded as revenue in the fiscal period in which they are received. Gifts in Kind are recorded at fair market value on the date of their donation.

Pledges made by donors for donations to be received in future years are not recorded in the financial statements.

c) Cash Surrender Value of Life Insurance Policies

Where there is a cash surrender value of an insurance policy owned by the Foundation that value is recognized in 'Other Assets'. The value is provided by the insurance company based on the terms and conditions of the corresponding insurance policy.

3. Correction of Error in Prior Period

The comparative figures for the 2000 year have been restated to record other assets that were previously unrecorded. These other assets consist of the cash surrender value of a life insurance policy owned by the Foundation. The effect of the restatement is as follows:

	2001	2000
Increase in Other Assets	-	$12,609
Decrease in Insurance Policy Premiums Expense	-	$ 3,149
Increase in Net Assets, beginning of year	$12,609	$ 9,460

4. Life Insurance Premiums

Various individuals have named the Foundation as the beneficiary of their life insurance policies. Those individuals pay the premiums on the life insurance policies directly to the insurance companies. The Foundation recognizes the premiums as both a donation revenue and an expense in its Statement of Operations and Changes in Net Assets.

5. Related Party Transactions

These financial statements include transactions with related parties. The Foundation is related to all Saskatchewan Crown agencies such as departments, corporations, boards and commissions under the common control of the Government of Saskatchewan. Also, the Foundation is related to non-Crown enterprises that the Government jointly controls or significantly influences.

The University of Saskatchewan is related to the Foundation. The Foundation has negotiated a service agreement with the University to provide certain administrative and management services to the Foundation without charge, therefore, no provision for such costs is reflected in these financial statements.

The Foundation has arranged with the University to invest the Foundation's cash as part of the University's short-term investment pool. Interest income is allocated by the University to the Foundation based on its level of participation in the investment pool.

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and the notes thereto.

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Victims' Fund as at March 31, 2002 and the statements of operations and accumulated surplus, cash flows, and tangible capital assets for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
June 17, 2002

Fred Wendel, CMA, CA
Provincial Auditor

Statement 1

DEPARTMENT OF JUSTICE
VICTIMS' FUND
STATEMENT OF FINANCIAL POSITION
As at March 31

	2002	2001
Financial assets:		
Due from General Revenue Fund (Statement 3 and Note 5)	$ 388,020	$ 45,365
Accounts receivable (Note 6)	696,371	573,391
Due from Public Trustee (Note 7)	3,100,516	3,366,476
Total financial assets	4,184,907	3,985,232
Liabilities:		
Accounts payable	207,999	32,134
Employee leave entitlement	13,278	9,410
Deferred revenue (Notes 2 and 8)	69,505	90,616
Total liabilities	290,782	132,160
Accumulated surplus (Statement 2)	$ 3,894,125	$ 3,853,072
Accumulated surplus represented by:		
Accumulated operating results	$ 3,896,815	$ 3,856,617
Less tangible capital assets (Statement 4)	(2,690)	(3,545)
	$ 3,894,125	$ 3,853,072

(See accompanying notes to the financial statements)

Statement 2

DEPARTMENT OF JUSTICE
VICTIMS' FUND
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
For the Year Ended March 31

	Budget	Actual	
	2002	2002	2001
	(Note 9)		
Revenue:			
Surcharge revenue	$ 2,745,000	$ 2,800,829	$ 2,318,859
Investment income (Note 7)	320,000	241,136	394,754
Proceeds of Crime revenue	-	21,112	107,595
Federal/Provincial Cost Sharing Agreement revenue	-	134,300	-
Other	15,000	20,419	15,200
Total revenue	3,080,000	3,217,796	2,836,408
Expense:			
Administration costs	503,000	430,412	419,225
Crisis intervention services	1,598,000	1,713,697	1,619,917
Court based programs	198,000	225,266	196,625
Compensation payments	400,000	385,527	312,454
Restitution program	135,000	132,014	135,147
Research, evaluation & prevention	219,000	145,950	202,305
Education and training	210,000	123,620	-
Proceeds of Crime	-	21,112	107,595
Total expense (Schedule 1)	$ 3,263,000	$ 3,177,598	$ 2,993,268
Net decrease (increase) in tangible capital assets	-	855	(582)
Surplus (deficit) for the year	$ (183,000)	41,053	(157,442)
Accumulated surplus, beginning of year		3,853,072	4,010,514
Accumulated surplus, end of year (Statement 1)		$ 3,894,125	$ 3,853,072

(See accompanying notes to the financial statements)

Statement 3

DEPARTMENT OF JUSTICE
VICTIMS' FUND
STATEMENT OF CASH FLOWS
For the Year Ended March 31

	2002	2001
Cash flows from Operating Activities:		
Surplus (deficit) for the year	$ 41,053	$ (157,442)
Changes in non-cash working capital:		
(Increase) decrease in accounts receivable	(122,980)	14,695
Decrease in amount due from Public Trustee	265,960	80,245
Increase (decrease) in accounts payable	175,865	(41,879)
Decrease in deferred revenue	(21,111)	(63,090)
Increase in employee leave entitlement	3,868	2,648
Increase (decrease) in cash position during the year	342,655	(164,823)
Due from General Revenue Fund, beginning of year	45,365	210,188
Due from General Revenue Fund, end of year	$ 388,020	$ 45,365

(See accompanying notes to the financial statements)

Statement 4

DEPARTMENT OF JUSTICE
VICTIMS' FUND
STATEMENT OF TANGIBLE CAPITAL ASSETS
For the Year Ended March 31

	2002	2001
	Equipment	
Opening costs	$ 65,770	$ 61,768
Additions during the year	2,034	4,002
Disposals	—	—
Closing cost	67,804	65,770
Opening accumulated amortization	62,225	58,805
Annual amortization	2,889	3,420
Disposals	—	—
Closing accumulated amortization	65,114	62,225
Net book value of tangible capital assets	$ 2,690	$ 3,545

(See accompanying notes to the financial statements)

DEPARTMENT OF JUSTICE
VICTIMS' FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2002

1. Authority

The Victims' Fund (Fund) was established by *The Victims of Crime Act* as amended April 1, 1992, and continues under the authority of *The Victims of Crime Act, 1995* (Act). The Fund receives all provincial and federal fine surcharges assessed under the Act and under the Criminal Code. The Act permits expenditures from the Fund to promote and deliver services and benefits to victims; to conduct research and to distribute information respecting victims' services, needs and concerns; and for crime prevention and administration.

2. Accounting Policies

These financial statements are prepared using Canadian generally accepted accounting principles appropriate for the public sector and reflect the following significant accounting principles.

a) Basis of Accounting

The financial statements are prepared on the accrual basis of accounting.

b) Revenue

i) Surcharge Revenue

Surcharge revenue represents provincial and federal fine surcharges collected by the Department of Justice in accordance with *The Victims of Crime Act, 1995* and the Criminal Code. The Department of Justice is responsible for collecting the surcharges on behalf of the Fund. Surcharges are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

ii) Proceeds of crime funding

Proceeds of crime funding received from the Federal Government is recognized as revenue in the year the related expenses are incurred.

c) Expense

Expense represents the cost of resources consumed during the year for operations. Expense includes provision for the amortization of tangible capital assets.

d) Tangible Capital Assets

Tangible capital assets acquired before March 31, 1997, that have a value greater than $500 and a useful life greater than one year are capitalized and amortized on a straight-line basis over five years. Tangible capital assets acquired after March 31, 1997, that have a value greater than $500 and a useful life greater than one year are capitalized and amortized on a straight-line basis over three years.

e) Net Decrease (Increase) in Tangible Capital Assets

The net decrease (increase) in tangible capital assets represents adjustments required to report the surplus (deficit) for the year on an expenditure basis.

3. Financial Instruments

The Fund has the following financial instruments: due from General Revenue Fund, investments, accounts receivable, and accounts payable. The following paragraphs disclose the significant aspects of these financial instruments.

a) Interest rate risk

Interest rate risk refers to the adverse consequences of interest rate changes on cash flows, financial position and income.

The Fund is exposed to interest rate risk when the value of its financial instruments fluctuate due to changes in market interest rates.

The Fund's receivables and payables are non-interest bearing. Due to the short-term nature of these, interest rate risk is minimal.

As market interest rates fluctuate the market value of fixed income investments moves in the opposite direction. This risk may affect the price the Fund can sell the investments for prior to maturity.

b) Credit risk

The Fund is exposed to credit risk from potential non-payment of amounts due from General Revenue Fund, accounts receivable or investment income and principal.

The Fund's accounts receivable arise from fine surcharges assessed against individuals. Credit risk associated with accounts receivable relates to unpaid fine surcharges. The amount of fines which will eventually be collected is difficult to measure. The amount at which accounts receivable are stated in the financial statements is an estimate of fines which will be collected, based on past experience.

The Fund's investments consist of government and government guaranteed bonds, corporate bonds, and shares in Canadian and foreign companies. Credit risk is minimal for government and government guaranteed bonds. Credit risk for corporate bonds is related to investees' abilities to redeem their bonds upon maturity. The Fund limits the credit risk by investing in securities considered to be high quality.

c) Fair Value

For the following financial instruments, the carrying amounts approximate fair value due to their immediate or short-term nature:

Due from General Revenue Fund
Accounts receivable
Accounts payable

The fair value of investments at March 31, 2002 approximates carrying value.

4. Related Parties

Included in these financial statements are transactions with various Saskatchewan Crown Corporations, departments, agencies, boards and commissions related to the Fund by virtue of common control by the Government of Saskatchewan, and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan (collectively referred to as "related parties").

The Fund received certain administrative services from the Departments of Justice and Finance without charge.

Other transactions with related parties and amounts due to or from them are described separately in the financial statements.

5. Due from General Revenue Fund

The monies of the Fund are deposited in the General Revenue Fund.

The Fund's earned interest is calculated and paid by the General Revenue Fund on a quarterly basis to the Fund using the Government's thirty day borrowing rate and the Fund's average daily bank account balance. The Government's average thirty day borrowing rate for 2001/02 is 3.7% (2000/01 – 5.43%). Interest earned for the year was $7,096 (2001 - $14,330).

6. Accounts Receivable

This amount represents surcharges due to the Fund on account of fines levied against, but not yet paid, by individuals and miscellaneous receivables. The balance at March 31 consists of:

	2002	2001
Surcharge receivable	$ 647,581	$ 571,541
Federal/Provincial cost sharing agreement receivable	47,472	-
Other accounts receivable	1,318	1,850
Total accounts receivable	$ 696,371	$ 573,391

7. Due from Public Trustee

The Fund invests a portion of its surplus funds with the Public Trustee for Saskatchewan. The Public Trustee invests these monies, together with monies it administers for its other clients, in a common fund. Income earned in the common fund, together with part of the change in market values of common fund investments, is allocated annually to clients, including Victims' Fund. The change in market value of common fund investments is allocated equally over four years.

The Fund records amounts allocated to it by Public Trustee as income or loss and adjusts the carrying value of its investment by the same amount. Fair value approximates the carrying value of investments.

8. Deferred Revenue

Under the federal *Seized Property Management Act* and the Forfeited Property Sharing Regulations, the Federal Government receives monies from seizures made by police during drug and other illegal activity investigations. On April 17, 2000 the Province entered into an agreement with the Federal Government that specifies the proceeds are to be used to support crime prevention, issues of substance abuse, and law enforcement. Treasury Board approved the deposit of the proceeds of crime into the Fund.

	2002	2001
Deferred revenue consists of:		
Monies for RCMP operations directed at organized crime	$ 33,379	$ 54,490
Monies for public education and crime prevention	36,126	36,126
Total deferred revenue	$ 69,505	$ 90,616

9. Budget

These amounts are included in the budget submitted to Treasury Board for approval. Treasury Board approves the Fund's budget annually.

Schedule 1

DEPARTMENT OF JUSTICE
VICTIMS' FUND
SCHEDULE OF EXPENSE BY OBJECT
For the Year Ended March 31

	2002	2001
Expense:		
Community grants	$ 1,837,317	$ 1,671,937
Salaries	646,487	602,917
Proceeds of Crime	21,112	107,595
Contractual services	143,957	148,847
Compensation awards	385,527	312,454
Administration	124,429	132,150
Victim/witness rooms/softrooms	13,847	12,415
Systems expenses	2,033	1,533
Amortization	2,889	3,420
	$ 3,177,598	$ 2,993,268

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AUDITORS' REPORT TO THE BOARD

We have audited the balance sheet of Wanuskewin Heritage Park Authority as at March 31, 2002 and the statements of operations and general fund balance and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Saskatoon, Canada
May 24, 2002

KPMG LLP, a Canadian owned limited liability partnership established under the laws of Ontario,
is the Canadian member firm of KPMG International, a Swiss nonoperating association.

WANUSKEWIN HERITAGE PARK AUTHORITY

Balance Sheet

March 31, 2002, with comparative figures for 2001

	2002	2001
Assets		
Current assets:		
Cash	$ 164,366	$ 9,460
Accounts receivable	51,230	136,391
Inventories	134,033	113,686
Prepaid expenses	4,298	12,163
	353,927	271,700
Capital assets (note 4)	6,878,139	7,206,263
	$ 7,232,066	$ 7,477,963
Liabilities and Fund Balances		
Current liabilities:		
Line of credit (note 5)	$ -	$ 53,225
Accounts payable and accrued liabilities	317,025	144,166
Current portion of long-term debt (note 6)	107,100	135,595
	424,125	332,986
Long-term debt (note 6)	169,788	277,392
Deferred contributions related to capital assets (note 7)	6,076,500	6,435,674
Fund balances:		
Contribution related to non-depreciable capital assets	441,506	434,006
General	120,147	(2,095)
	561,653	431,911
	$ 7,232,066	$ 7,477,963

See accompanying notes to financial statements.

On behalf of the Board:

Director

Director

WANUSKEWIN HERITAGE PARK AUTHORITY

Statement of Operations and General Fund Balance

Year ended March 31, 2002, with comparative figures for 2001

	2002	2001
Revenue:		
Grants	$ 989,907	$ 1,061,900
Amortization of deferred contributions	489,059	489,060
Donations	159,659	148,391
Admission fees and memberships	138,296	126,938
Programs and other	55,398	87,098
Earnings from gift shop (Schedule 1)	29,791	20,565
Occupancy and rental	-	1,955
Loss from restaurant (Schedule 2)	(28,238)	(40,903)
	1,833,872	1,895,004
Expenses:		
Amortization	502,695	495,490
Programs	423,304	386,839
Executive	374,065	406,267
Resource management	279,196	252,382
Marketing	90,342	75,852
Corporate development	33,156	28,538
Human resource development	8,872	6,266
	1,711,630	1,651,634
Excess of revenue over expenses	122,242	243,370
General fund balance, beginning of year	(2,095)	(245,465)
General fund balance, end of year	$ 120,147	$ (2,095)

See accompanying notes to financial statements.

WANUSKEWIN HERITAGE PARK AUTHORITY

Statement of Cash Flows

Year ended March 31, 2002, with comparative figures for 2001

	2002	2001
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	$ 122,242	$ 243,370
Items not requiring (providing) an outlay of cash:		
Amortization of capital assets	538,668	530,479
Amortization of deferred contributions	(489,059)	(489,060)
Change in non-cash operating working capital:		
Accounts receivable	85,161	(93,261)
Inventory	(20,347)	9,535
Prepaid expenses	7,865	(6,007)
Accounts payable and accrued liabilities	172,859	(75,753)
	417,389	119,303
Investing:		
Purchase of capital assets	(203,044)	(29,301)
Deferred grants for capital asset purchases	129,885	-
	(73,159)	(29,301)
Financing:		
Repayments of long-term debt	(136,099)	(124,205)
Increase (decrease) in line of credit	(53,225)	33,267
	(189,324)	(90,938)
Increase (decrease) in cash position	154,906	(936)
Cash, beginning of year	9,460	10,396
Cash, end of year	$ 164,366	$ 9,460

See accompanying notes to financial statements.

WANUSKEWIN HERITAGE PARK AUTHORITY

Notes to Financial Statements

Year ended March 31, 2002

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1. Purpose of Wanuskewin Heritage Park Authority:

Wanuskewin Heritage Park Authority ("WHPA") was established to operate the Wanuskewin Heritage Park which commenced full time commercial operations on June 1, 1992. WHPA is a registered charity (#0913384-52).

2. Significant accounting policies:

(a) Revenue and expense recognition:

Revenue and expenses are recorded in the financial statements on the accrual basis. Under this method revenue is recognized in the fiscal period during which it becomes receivable. Expenses are recorded when goods or services are received.

(b) Inventories:

Inventories of restaurant supplies and gift shop products are carried at the lower of cost, on a first-in, first-out basis, and net realizable value.

(c) Capital assets and deferred contributions:

Capital assets are stated at cost and depreciated over the estimated useful lives of the assets on a straight-line basis at the following rates:

Asset	Rate
Equipment	10%
Vehicles	20%
Buildings and site development	4%
Site improvements and interpretive displays	5-10%

Funding, consisting mainly of grants and donations, received for capital asset acquisitions is deferred and amortized on the same basis as the asset to which it relates is depreciated. (Funding for capital assets which are not depreciable, consisting of land and art, are credited directly to equity.)

WANUSKEWIN HERITAGE PARK AUTHORITY

Notes to Financial Statements

Year ended March 31, 2002

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2. Significant accounting policies:

(d) Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses for the reporting period. Actual amounts may differ from these estimates.

3. Economic Dependence:

WHPA is dependent on contributions in the form of grants from various government entities and donations. $1,128,000 of grant funding has been committed for the year ended March 31, 2003. During the year ended March 31, 2002, WHPA received significant funds from the following contributors:

- Saskatchewan Indian Gaming Authority
- SaskEnergy
- Sask Lotteries
- Western Diversification
- Canadian Heritage
- City of Saskatoon
- Province of Saskatchewan

WANUSKEWIN HERITAGE PARK AUTHORITY

Notes to Financial Statements

Year ended March 31, 2002

4. Capital assets:

			2002	2001
	Cost	Accumulated amortization	Net book value	Net book value
Park site:				
Land	$ 434,006	$ -	$ 434,006	$ 434,006
Buildings and site development	9,049,419	3,543,873	5,505,546	5,846,166
Park site - Phase II:				
Site improvements and interpretive displays	1,271,979	800,177	471,802	594,670
Art	7,500	-	7,500	-
Equipment and vehicles	292,586	97,412	195,174	43,482
Gift Shop:				
Equipment	52,895	48,203	4,692	9,982
Building improvements	119,855	47,164	72,691	77,488
Restaurant:				
Equipment	149,183	133,929	15,254	38,378
Building improvements	281,390	109,916	171,474	162,091
	$ 11,658,813	$ 4,780,674	$ 6,878,139	$ 7,206,263

5. Line of credit:

Peace Hills Trust $100,000 line of credit facility bears interest at prime plus 2% and is secured by a general security agreement.

WANUSKEWIN HERITAGE PARK AUTHORITY

Notes to Financial Statements

Year ended March 31, 2002

6. Long-term debt:

	2002	2001
Peace Hills Trust loan at fixed rate of 8.25% repayable in monthly instalments of $9,178 including interest, due November 1, 2004. Secured by general security agreement providing a first charge over all assets of WHPA	$ 261,766	$ 346,473
Peace Hills Trust loan at 5.75% repayable in monthly instalments of $4,566 including interest, due July 1, 2002. Secured by general security agreement providing a first charge over all assets relating to the gift shop and restaurant	15,122	66,514
	276,888	412,987
Current portion of long-term debt	107,100	135,595
	$ 169,788	$ 277,392

Interest incurred on long-term debt in 2002 was $27,834 (2001 - $39,854).

The aggregate expected repayments of long-term debt are as follows:

2003	$ 107,100
2004	99,850
2005	69,938
	$ 276,888

WANUSKEWIN HERITAGE PARK AUTHORITY

Notes to Financial Statements

Year ended March 31, 2002

7. Deferred contributions related to capital assets:

			2002	2001
	Contributions	Accumulated amortization	Net Book Value	Net Book Value
Park site:				
Buildings and site development	$ 9,004,379	$ 3,541,729	$ 5,462,650	$ 5,822,825
Park site - Phase II:				
Site improvements and interpretive displays	1,270,180	799,577	470,603	593,170
Other:				
Equipment and vehicle	194,574	51,327	143,247	19,679
	$ 10,469,133	$ 4,392,633	$ 6,076,500	$ 6,435,674

8. Related party transactions:

In 2002, WHPA provided $34,000 in funding to Wanuskewin Indian Heritage Inc. (2001 - $9,972).

Schedule 1

WANUSKEWIN HERITAGE PARK AUTHORITY

Schedule of Gift Shop Operations

Year ended March 31, 2002, with comparative figures for 2001

	2002	2001
Sales	$ 225,384	$ 217,434
Cost of Sales	117,220	120,483
	108,164	96,951
Operating expenses:		
Wages and employee benefits	51,074	52,976
Amortization	10,087	10,087
Interest and bank charges	5,240	7,271
Office	3,599	1,886
Supplies and maintenance	2,683	205
Travel	2,525	1,973
Consultants	2,294	925
Telephone and utilities	510	702
Professional fees	361	361
	78,373	76,386
Earnings from gift shop	$ 29,791	$ 20,565

Schedule 2

WANUSKEWIN HERITAGE PARK AUTHORITY

Schedule of Restaurant Operations

Year ended March 31, 2002, with comparative figures for 2001

	2002	2001
Sales	$ 236,904	$ 218,106
Cost of sales	81,445	82,011
	155,459	136,095
Operating expenses:		
Wages and employee benefits	163,689	146,996
Amortization	25,886	24,902
Supplies and maintenance	21,433	26,681
Office	10,147	7,672
Interest and bank charges	2,894	5,108
Travel	1,490	683
Consultants	975	810
Professional fees	361	361
Telephone and utilities	-	1,899
	226,875	215,112
Loss from restaurant before other income	(71,416)	(79,017)
Other income:		
Rental	40,295	34,167
Other	2,883	3,947
	43,178	38,114
Loss from restaurant	$ (28,238)	$ (40,903)

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Water Appeal Board as at March 31, 2002 and the statements of operations and net assets, and cash flows for the year then ended. The Board's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
May 23, 2002

Fred Wendel, CMA, CA
Provincial Auditor

Statement 1

WATER APPEAL BOARD
STATEMENT OF FINANCIAL POSITION
As at March 31

	2002	2001
ASSETS		
Current assets:		
Cash	$ 80,544	$ 33,860
Accounts receivable	113	138
	80,657	33,998
Capital assets (Note 3)	1,982	--
	$ 82,639	$ 33,998
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	$ 8,979	$ 2,399
Appellant deposits (Note 4)	1,800	2,400
	10,779	4,799
Net assets (Statement 2)	71,860	29,199
	$ 82,639	$ 33,998

(See accompanying notes to the financial statements)

Statement 2

WATER APPEAL BOARD
STATEMENT OF OPERATIONS AND NET ASSETS
For the Year Ended March 31

	2002		2001
	Budget (Note 6)	Actual	Actual
Revenues:			
Department of Environment and Resource Management Grant	$ 131,038	$ 131,000	$ 90,000
Transcript fees	3,000	496	17
Interest	1,000	1,577	2,550
Appellant fees (Note 4)	1,000	1,800	600
Gain on disposal of capital assets	--	266	--
	136,038	135,139	93,167
EXPENSES:			
Board honorariums	$ 48,405	$ 30,976	$ 22,030
Travel and sustenance	30,283	20,332	11,751
Secretarial services	23,625	16,733	15,537
Professional fees	12,000	7,688	1,471
Office supplies	6,000	4,827	3,729
Meeting room rental	4,725	4,707	2,045
Transcript fees	3,000	528	486
Office rental	3,000	2,785	2,683
Telephone	4,000	2,231	3,074
Amortization of capital assets	--	991	1,529
Accounting and printing services	1,000	535	422
Other	--	145	183
	$ 136,038	92,478	64,940
Surplus for the year		42,661	28,227
Net assets, beginning of year		29,199	972
Net assets, end of year - to Statement 1		$ 71,860	$ 29,199

(See accompanying notes to the financial statements)

Statement 3

WATER APPEAL BOARD
STATEMENT OF CASH FLOWS
For the Year Ended March 31

	2002	2001
Cash flows from operating activities:		
Grant from Department of Environment and Resource Management	$ 131,000	$ 90,000
Receipts from appellants	2,400	1,800
Receipts from customers	471	17
Interest received	1,626	2,459
Payments to board members for honoraria, travel and sustenance	(50,204)	(33,781)
Payments to appellants	(1,000)	(4,800)
Payments to suppliers	(34,902)	(33,619)
	49,391	22,076
Cash flows from investing activities:		
Purchase of capital assets	(2,973)	--
Proceeds from disposal of capital assets	266	--
	(2,707)	--
Net increase in cash	46,684	22,076
Cash, beginning of year	33,860	11,784
Cash, end of year	$ 80,544	$ 33,860

(See accompanying notes to the financial statements)

WATER APPEAL BOARD
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2002

1. Authority

The Water Appeal Board was established under *The Water Appeal Board Act*, on July 1, 1984. The purpose of the Board is to hear and determine appeals made to it pursuant to *The Water Corporation Act*.

2. Significant Accounting Policies

These financial statements have been prepared using Canadian generally accepted accounting principles. The following accounting policies are considered significant.

a) Revenue

The grant from the Department of Environment and Resource Management (effective April 1, 2002 the Department of Environment) is recognized as revenue when appropriated and received.

b) Appellant fees

Appellant deposits are recognized as appellant fee revenue when the appeals have been heard and the appellants are not successful in their appeal.

c) Capital assets

Capital assets costing more than $500 are recorded at cost and amortized over their useful lives. Amortization of equipment commences in the year of acquisition and amortization is calculated on a straight-line basis over three years.

3. Capital Assets

	Cost		Accumulated Amortization		Net Book Value	
	2002	2001	2002	2001	2002	2001
Equipment	$ 6,401	$ 9,514	$ 4,419	$ 9,514	$ 1,982	$ --

4. Appellant Deposits

Appellant deposits are held by the Board until the appeals have been heard and the decisions rendered. Once the decisions have been rendered by the Board these deposits are dealt with in one of two manners:

i) The deposit is returned to the appellant if he/she has been successful in his/her appeal.

ii) The deposit is retained by the Board and recorded as income if the appellant is not successful in his/her appeal.

At year end, the Board had 7 appeals (2001 - 10 appeals) that are awaiting hearing and 2 appeals (2001 - 2 appeals) that are awaiting decision.

5. Financial Instruments

The Board's financial instruments include cash, accounts receivable, accounts payable and appellant deposits. The fair value of these instruments approximates their carrying value due to the immediate or short-term nature of these financial instruments.

6. Budget

These amounts represent the budget approved by the Water Appeal Board.

7. Related Party Transactions

These financial statements include transactions with related parties. The Board is related to all Saskatchewan Crown agencies such as departments, corporations, boards and commissions under the common control of the Government of Saskatchewan. Also, the Board is related to non-Crown enterprises that the Government jointly controls or significantly influences.

Routine operating transactions with related parties are recorded at the rates charged by those organizations and are settled on normal trade terms. These transactions, and amounts outstanding at year end, are as follows:

Category	2002	2001
Professional fee expenses	$1,500	$0
Office rental expenses	2,785	2,683
Telephone expenses	1,841	2,469
Accounts payable	2,003	245

The Board pays Provincial Sales Tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and the notes thereto.

8. Contingency

The accounts payable at March 31, 2002 include $3,000 as a contingency to cover a possible claim for the cost award made against the Board by the Court of Queen's Bench in *Q.B. 4/99; The Rural Municipality of Fillmore No. 96 v. Isadore Sigda, Saskatchewan Water Corporation, The Water Appeal Board, Cameron Hart.*

AUDITORS' REPORT

To the Members of the Workers' Compensation Board (Saskatchewan)

We have audited the statement of financial position of the Workers' Compensation Board (Saskatchewan) as at December 31, 2001 and the statements of operations and injury fund and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Workers' Compensation Board as at December 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants

Regina, Canada

April 18, 2002

SASKATCHEWAN WORKERS' COMPENSATION BOARD

Statement of Financial Position

As at December 31, 2001

	2001	2000 *(restated - note 16)*
	(thousands of dollars)	
Assets		
Cash and short-term investments	$ 11,558	$ 50,766
Accounts receivable (note 3)	27,070	11,817
Accrued interest	5,156	6,489
Investments (note 4)	811,694	806,970
Capital assets (note 5)	19,438	27,581
	$ 874,916	$ 903,623
Liabilities		
Outstanding cheques	$ 3,700	$ 2,276
Accounts payable (note 6)	19,857	22,927
Declared rebates (note 8)	7,891	58,501
Benefits liabilities (note 9)	700,463	631,122
Annuity fund payable	93,030	83,001
	824,941	797,827
Reserves and Injury Fund (note 10)	49,975	105,796
	$ 874,916	$ 903,623

See accompanying notes to financial statements.

On behalf of the Board:

John Solomon

John Solomon
Chairman

Norm Brown
Board Member

Walter Eberle
Board Member

SASKATCHEWAN WORKERS' COMPENSATION BOARD

Statement of Operations and Injury Fund

Year ended December 31, 2001

	2001	2000 *(restated - note 16)*
	(thousands of dollars)	
Revenues:		
Premiums (note 11)	$ 147,762	$ 124,814
Investment income	71,968	105,633
	219,730	230,447
Expenses:		
Compensation (note 9)	138,465	89,183
Health care (note 9)	60,122	44,393
Administration expenses (Schedule 1)	39,086	37,513
Vocational rehabilitation (note 9)	28,628	12,054
Occupational Health & Safety	6,246	5,404
Increase in future benefits administration (note 9)	3,428	408
Prevention Services	795	617
Worker's Advocate	620	587
Committee of Review	138	0
	277,528	190,159
Operating (deficit) surplus before the following:	(57,798)	40,288
Declared employer rebate (note 8)	0	36,000
Provision for legislated obligation (note 7)	1,977	0
Net (deficit) surplus	(55,821)	4,288
Injury Fund, beginning of year, as restated (notes 10 and 16)	48,870	45,848
Appropriation from (to) reserves (note 10)	6,951	(1,266)
Injury Fund, end of year (note 10)	$ 0	$ 48,870

See accompanying notes to financial statements.

SASKATCHEWAN WORKERS' COMPENSATION BOARD

Statement of Cash Flows

Year ended December 31, 2001

	2001	2000
	(thousands of dollars)	
CASH FLOW FROM OPERATING ACTIVITIES		
Cash received from:		
Premiums	$ 141,937	$ 145,596
Dividends and interest	38,299	56,211
	180,236	201,807
Cash paid to:		
Claimants, or third parties on their behalf	161,446	134,278
Employees and suppliers, for administrative and other goods and services	38,102	36,721
Employers for the declared employer rebate	43,769	41,371
Surviving spouses	2,143	480
Department of Labour and safety associations	9,370	9,033
	254,830	221,883
Net cash used for operating activities	(74,594)	(20,076)
CASH FLOW FROM INVESTING ACTIVITIES		
Cash received from:		
Sale and maturity of investments	1,300,231	1,150,276
Disposal of capital assets	6	6
	1,300,237	1,150,282
Cash paid for:		
Purchase of investments	1,259,926	1,111,653
Purchase of capital assets	6,349	3,023
	1,266,275	1,114,676
Net cash provided from investing activities	33,962	35,606
(Decrease) increase in cash during the year	(40,632)	15,530
Cash and short-term investments, beginning of year	48,490	32,960
Cash and short-term investments, end of year	$ 7,858	$ 48,490
Comprised of:		
Cash and short-term investments	11,558	50,766
Outstanding cheques	(3,700)	(2,276)
	$ 7,858	$ 48,490

See accompanying notes to financial statements

SASKATCHEWAN WORKERS' COMPENSATION BOARD

Notes to Financial Statements

December 31, 2001

1. Status of the Board:

The Workers' Compensation Board (the Board) operates under the authority of The Workers' Compensation Act, 1979, Statutes of Saskatchewan (the Act).

In accordance with the provisions of the Act, the Board's purpose is to provide workers' compensation insurance to Saskatchewan workers and employers.

The Board maintains an injury fund representing all funds collected and expenses incurred to administer the Act.

2. Significant Accounting Policies:

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Management believes its estimates and assumptions are appropriate; however, actual results could differ from the amounts estimated.

The Board's significant accounting policies are summarized as follows:

Cash and Short-term Investments

(i) Short-term investments are recorded at the lower of cost and market value.

(ii) Cash and short-term investments are funds consisting of cash and money market instruments which will be liquidated in the near term.

Investments

(i) Bonds and debentures are recorded at cost with any discount or premium amortized on a straight-line basis over the period remaining to the maturity date of the investment.

(ii) Equities, pooled equity funds and real estate are valued using a five-year moving average of market values, thereby allowing for a gradual movement toward current market values.

(iii) Mortgages are recorded at cost and the principal is reduced by principal repayments throughout the year.

(iv) Gains or losses on the sale of investments are amortized to revenue. The amortization period for equities is five years and for bonds and debentures is over the remaining period to maturity of the securities sold.

(v) A decline in market value which is considered other than temporary is recognized immediately.

Capital Assets

Capital assets are recorded at cost and are amortized over their estimated useful lives. Amortization is recorded on a straight-line basis, at the following rates:

Building	2.50%
Office furnishings	10.00%
Computer equipment	20.00%
Rehabilitation facility	2.50%
Software development	33.33%

Premium Revenue

At the beginning of each year, an assessment is levied on employers by applying their industry assessment rate to their estimated payrolls. The assessment levy is payable by instalments within the current year. At year-end, assessment income is adjusted based on a review of the employers' actual payrolls.

The Board records debt/surplus amortization at the time the Board ratifies the continuation of the program in conjunction with formally approving the annual employer levy.

Benefits Liabilities

Benefits liabilities are determined annually by an actuarial valuation which establishes the amount of this provision for future payments and the future cost of administering claims relating to claims incurred on or before December 31. The provision is determined by estimating future benefits payments in accordance with the Board's administrative policies and practices in effect at December 31, 2001 and in accordance with legislation in effect at that date.

Future benefits administration costs of incurred claims are now recorded as a liability rather than a reserve. This change in accounting policy has been applied retroactively resulting in the restatement of prior periods. (See Note 16 - Provision for Future Benefits Administration Costs.)

Benefits liabilities do not include any provision for payment of claims relating to self-insurers, as they are a liability of the self-insurers. Also, no provision has been made for future claims relating to occupational diseases and injuries that are not currently considered to be work-related.

Annuity Fund Payable

The annuity fund is established pursuant to sections 74 and 83(5) of the Act, to provide injured workers and dependent spouses for the loss of retirement income due to a workplace injury. The fund represents 10% of eligible payments already made plus interest calculated at the Board's actual rate of return on its investments for the year. This liability is not discounted and a separate fund of investments is not maintained.

All future costs, excluding interest, are provided for as part of benefits liabilities.

Foreign Currency Translation

Monetary items denominated in foreign currency are translated at the exchange rate in effect at the year end. Equity investments, revenues and expenses are translated at the exchange rate in effect at the transaction date.

Employee Benefit Plans

The cost of pensions and other retirement benefits earned by employees is determined using the projected benefit method pro rated on service and management's best estimate of expected plan investment performance, salary escalation, retirement ages of employees and future pension indexing. The discount rate used to determine the accrued benefit obligation was determined by reference to market interest rates at the measurement date on high-quality debt instruments with cash flows that match the timing and amount of expected benefit payments. For purposes of calculating the expected return on plan assets, those assets are valued at fair value. The excess of the net actuarial gain (loss) over 10% of the greater of the benefit obligation and the fair value of the plan assets is amortized over the average remaining service life of active employees. For the defined contribution plan, employee contributions are matched by the Board and expensed in the period made.

Measurement Uncertainty

a) Benefits Liabilities

An actuarial valuation of the benefits liabilities as at December 31, 2001 has been prepared by Watson Wyatt & Company, an independent firm of consulting actuaries who have rendered their opinion that the valuation was prepared in accordance with accepted actuarial practice, and that the actuarial assumptions are appropriate. As disclosed in Note 9, the Board believes that the amount provided for benefits liabilities as at December 31, 2001 is adequate, recognizing that actuarial assumptions may change over time to reflect underlying economic trends and adjudication policies and practices. When they do, it is possible to cause a material change in the actuarial present value of the future payments.

b) Premium revenue and accounts receivable

Accounts receivable at December 31 include an estimate of annual premium revenues for the year that have not yet been received from employers. The recorded amounts are based upon management's best information and judgment, having regard to actual experience in preceding years. However, until all employers actually submit their final annual payroll information to the Board, the recorded premium revenues for the year and the estimated amounts receivable at year-end are subject to measurement uncertainty.

3. Accounts Receivable:

	2001	2000
	(thousands of dollars)	
Premiums	**$ 9,136**	$ 6,477
Regina Health District (note 14)	**8,959**	0
Net accrued pension benefit asset	**3,627**	2,214
Other	**5,348**	3,126
	$ 27,070	$ 11,817

4. Investments:

(a) The carrying amount and fair value of investments are as follows:

	2001		2000	
	CARRYING AMOUNT	**FAIR VALUE**	**CARRYING AMOUNT**	**FAIR VALUE**
		(thousands of dollars)		
Bonds and debentures	**$ 396,517**	**$ 402,622**	$ 428,999	$ 434,983
Equities and pooled equity funds	**358,414**	**441,670**	365,295	476,673
Mortgages and real estate	**41,054**	**42,924**	25,986	27,495
Unamortized gains and losses	**15,709**	**-**	(13,310)	-
	$ 811,694	**$ 887,216**	$ 806,970	$ 939,151

Details of significant terms and conditions, exposures to interest rate and credit risks on investments are as follows:

(i) Short-term investments:

All short-term investments are in Canadian securities. These investments have an aggregate principal amount of $10,789,000 (2000 - $49,953,000) and are comprised of notes and commercial paper with effective interest rates of 1.94 to 4.20% (2000 – 5.50% to 6.30%).

(ii(a)) Bonds and debentures - interest risk:

		2001		2000	
	INTEREST RECEIVABLE BASIS	**EFFECTIVE RATES (% RANGE)**	**COUPON RATES (% RANGE)**	**EFFECTIVE RATES (% RANGE)**	**COUPON RATES (% RANGE)**
Government of Canada	semi-annual	**2.93 - 5.80%**	**4.50 - 11.25%**	3.42 - 5.99%	4.00 - 11.25%
Provincial Securities and Securities Guaranteed by Provinces	semi-annual	**4.21 - 6.65%**	**2.63 - 8.75 %**	5.34 - 6.45%	5.25 - 8.75%
Corporate Securities	semi-annual	**3.08 - 7.69%**	**5.35 - 9.90 %**	5.35 - 8.10%	4.83 - 9.90%

(ii(b)) Bonds and debentures - principal amount and carrying amount:

The principal amount and carrying amount are shown by contractual maturity. Actual maturity may differ from contractual maturity because certain borrowers have the right to call or prepay certain obligations with or without call or prepayment penalties.

	2001		2000	
TERM TO MATURITY	**PRINCIPAL AMOUNT**	**CARRYING AMOUNT**	**PRINCIPAL AMOUNT**	**CARRYING AMOUNT**
		(thousands of dollars)		
Government of Canada				
After one through five years	**$ 93,212**	**$ 96,415**	$ 132,068	$ 131,384
After five years	**102,948**	**110,929**	73,564	83,197
Provincial Securities and Securities Guaranteed by Provinces				
After one through five years	**33,440**	**34,701**	32,902	34,876
After five years	**32,527**	**32,291**	47,155	46,940
Corporate Securities:				
Due in one year or less	**-**	**-**	850	850
After one through five years	**61,209**	**61,398**	72,114	71,728
After five years	**60,325**	**60,783**	59,574	60,024
	$ 383,661	**$ 396,517**	$ 418,227	$ 428,999

(iii) Equities and pooled equity funds:

The Board's investment in equities and pooled equity funds have no fixed maturity dates and are generally not exposed to interest rate risk. Dividends are generally declared on a quarterly basis. The rates range from 0% to 4.63% on these investments (2000 - 0% to 12.47%).

(iv) Mortgages - principal outstanding:

		2001			**2000**	
	CARRYING AMOUNT	**EFFECTIVE INTEREST RATES**	**AVERAGE MATURITY (YEARS)**	**CARRYING AMOUNT**	**EFFECTIVE INTEREST RATES**	**AVERAGE MATURITY (YEARS)**
			(thousands of dollars)			
Commercial	**$ 2,628**	**10.43**	**14.5**	$ 3,243	10.23	13.7

All mortgages are fixed term and have effective interest rates of 8.0% to 11.07% (2000 - 6.94% to 11.07%). Stated rates range from 8.0% to 11.07% (2000 - 8.0% to 11.07%).

Principal and interest is receivable on a monthly basis.

(v) Real Estate:

All of the Board's real estate holdings are in Canadian commercial property.

(b) Net investment income was derived from the following sources:

	2001	**2000**
	(thousands of dollars)	
Cash and short-term securities	**$ 1,867**	$ 2,370
Bonds and debentures	**24,663**	34,694
Equities and pooled equity funds	**44,191**	67,513
Mortgages	**94**	338
Real estate	**3,070**	2,597
Other	**66**	94
Investment expenses	**(1,983)**	(1,973)
	$ 71,968	$ 105,633

(c) Market Risk

The Board invests in publicly and privately traded equities and bonds available on domestic and foreign exchanges. These securities are affected by market changes and fluctuations. The Board does not use derivative financial instruments to alter the effects of these market changes and fluctuations. The Board limits its investment concentration in any one investee or related group of investees to 10% of the investee's share capital. In addition, no one holding can represent more than 10% of the market value of the Board's equity portfolio. Investment in pooled funds shall not exceed 10% of the market value of that fund.

(d) Credit Risk

Credit risk on financial instruments arises from the possibility that the issuer of a fixed-term instrument may fail to meet its obligations. Therefore, the Board's investment policy sets minimum quality standards. The policy allows for a maximum of 15% to be invested in BBB rated bonds and the remainder of the bonds must be rated A or higher. For short-term investments, the minimum quality standard is R-1.

(e) Interest Rate Risk

Fluctuations in interest rates can impact the market value of the fixed-income portfolio, as well as shift investor preferences among asset classes. Interest rate risk is minimized by managing the duration of the fixed-income portfolio within predetermined prudent policy limits.

(f) Real Estate Risk

Risk in the real estate portfolio is managed through diversification across real estate types and locations. Adverse impacts in any one segment of the market or geographic location are minimized by having holdings diversified across property type, geographic location and investment size.

(g) Foreign Exchange Risk

The Board has certain investments denominated in foreign currencies. During 2001 the Board did not undertake hedging strategies for the currency risk of foreign investments and currency fluctuations influenced short-term returns. These fluctuations are not expected to affect the long-term position of the investment portfolio. The Board limits its holdings in foreign equities to 25% of the Board's total investment portfolio. As at December 31, 2001, the Board's holdings in foreign equities and pooled equity funds had a market value of $187.7 million (2000 - $196.9 million) representing 20.9% (2000 - 19.9%) of the market value of the Board's total investment portfolio.

5. Capital Assets:

	COST	ACCUMULATED AMORTIZATION	NET BOOK VALUE 2001	NET BOOK VALUE 2000
		(thousands of dollars)		
Land	$ 1,375	$ -	$ 1,375	$ 1,375
Building	16,941	4,924	12,017	12,418
Office furnishings	3,100	2,131	969	1,086
Computer equipment	8,709	7,046	1,663	1,546
Rehabilitation facility	0	0	0	9,148
Software development	20,702	17,288	3,414	2,008
	$ 50,827	$ 31,389	$ 19,438	$ 27,581

6. Accounts Payable:

	2001	2000
	(thousands of dollars)	
Premium refunds	$ 5,773	$ 5,681
Legislated obligation (note 7)	0	4,120
Employee benefits liability	3,471	3,344
Occupational Health & Safety	6,246	5,404
Worker's Advocate	620	587
Prevention Services	795	617
Committee of Review	138	0
Other payables	2,814	3,174
	$ 19,857	$ 22,927

Compensation expense is made up as follows:

	2001	2000 *(restated)*
	(thousands of dollars)	
Short-term disability	**$ 68,915**	$ 53,654
Long-term disability	**59,994**	24,595
Survivor benefits	**9,556**	10,934
	$ 138,465	$ 89,183

10. Reserves and Injury Fund:

	Reserves				
	Disaster & Occupational Disease	Second Injury & Re-employment	Economic Stabilization Reserve	Injury Fund	Total
		(thousands of dollars)			
BALANCE, beginning of year (restated - Note 16)	$ 22,770	$ 5,693	$ 28,463	$ 48,870	$ 105,796
(LESS): Net deficit	–	–	–	(55,821)	(55,821)
ADD (LESS): Appropriation to fund allocations to employers	4,289	4,437	–	(8,726)	–
Appropriation to (from) Reserves	–	–	(6,951)	6,951	–
ADD (LESS): Allocations to employers	(4,289)	(4,437)	–	8,726	–
	$ 22,770	$ 5,693	$ 21,512	$ 0	$ 49,975

In accordance with its authority under the Act, the Board has established reserves to meet costs arising from any disaster or other circumstances the liability for which would unfairly burden employers. These reserves are appropriated to provide cost relief to employers on claims which meet the reserve criteria and changes to legislated benefit levels, and protection against large fluctuations in the average premium rate. The former reserve established to provide for future benefits administration has been discontinued and an appropriate amount for this has been provided for in the benefits liabilities.

11. Premiums:

	2001	2000
	(thousands of dollars)	
Premium revenue	**$ 156,319**	$ 147,958
Industry funds debt amortization	**0**	2,937
Industry funds surplus amortization	**0**	(16,606)
Merit rebates	**(11,863)**	(12,276)
Surcharge penalty	**3,972**	3,444
Government of Canada assessment	**2,096**	1,992
Industry safety associations	**(2,762)**	(2,635)
	$ 147,762	$ 124,814

The Board levies an additional premium on certain industry codes to collect funds which are in turn disbursed to the safety associations representing those industries. In 2001, funds were collected on behalf of and disbursed to the Saskatchewan Forest Industries Safety Association Inc., Heavy Construction Safety Association of Saskatchewan Inc., Saskatchewan Construction Safety Association Inc., Service & Hospitality Safety Association of Saskatchewan Inc., Prairie Implement Manufacturers Association, Saskatchewan Professional Drivers Safety Council Inc., Saskatchewan Association of Health Organizations, C6 Safety Association of Saskatchewan Inc. and Saskatchewan Meat Industry Safety Association.

12. Commitments:

The Board has commitments over the next five years for a base level of computer processing, building rental and equipment leasing, as follows:

(thousands of dollars)

2002	2003	2004	2005	2006
$ 1,736	$ 215	$ 203	$ 191	$ 191

13. Employee Benefits:

The Board sponsors defined benefit and defined contribution pension arrangements covering substantially all employees.The Board uses actuarial reports prepared by independent actuaries for funding and accounting purposes. The 2001 benefit plan revenue is based on extrapolation of the results revealed in the most recent actuarial valuation of the pension plan as at December 31, 1999. The following significant actuarial assumptions were employed to determine the periodic pension expense and accrued benefit obligations:

	2001	**2000**
Expected long-term rate of return on plan assets	**7.25%**	7.25%
Discount rate	**6.65%**	6.78%
Rate of compensation increase	**3.75-5.25%**	3.75-5.25%
Average remaining service period	**9.65 years**	10.65 years
Inflation	**3.0%**	3.25%

The Board's net benefit plan (revenue) expense is as follows:

	2001	**2000**
	(thousands of dollars)	
Current service cost - defined benefit	**$ 287**	247
Current service cost - defined contribution	**909**	824
Interest cost	**1,451**	1,391
Expected return on plan assets	**(2,271)**	(2,108)
Amortization of net transitional asset	**(878)**	(878)
Net benefit plan (revenue) expense	**$ (502)**	$ (524)

Information about the Board's defined pension benefit plans is as follows:

	2001	2000
	(thousands of dollars)	
Accrued benefit obligation		
Accrued benefit obligation, beginning of year	**$ 21,411**	$ 21,800
Current service cost - employer share	**287**	247
Current service cost - employee share	**147**	153
Interest cost	**1,451**	1,391
Changes in assumptions	**97**	(1,275)
Benefits paid	**(904)**	(905)
Accrued benefit obligation, end of year	**$ 22,489**	$ 21,411
Plan assets		
Fair value of plan assets, beginning of year	**$ 31,707**	29,456
Actual return on plan assets	**109**	3,003
Employer contributions	**-**	-
Employee contributions	**148**	153
Benefits paid	**(904)**	(905)
Fair value of plan assets, end of year	**$ 31,060**	31,707
Plan surplus	**8,571**	10,296
Unamortized net actuarial gains	**2,653**	394
Unamortized net transitional asset	**(7,597)**	(8,476)
Net accrued benefit asset	**$ 3,627**	$ 2,214

14. Related Party Transactions:

Included in these financial statements are transactions with various Saskatchewan Crown Corporations, departments, agencies, boards and commissions related to the Board by virtue of common influence by the Government of Saskatchewan.

Routine operating transactions with related parties are settled at prevailing market prices under normal trade terms. These transactions, and amounts outstanding at year end, are as follows:

Category (as per financial statements):

	2001	2000
	(thousands of dollars)	
Accounts receivable - premiums	**$ 88**	$ 56
Investments	**7,406**	6,273
Accounts payable	**7,979**	6,752
Revenue - premiums	**30,081**	31,459
Revenue - investment income	**450**	278
Expenses - Occupational Health & Safety	**6,246**	5,404
Expenses - Worker's Advocate	**620**	587
Expenses - Prevention Services	**795**	617
Expenses - other	**1,572**	1,215

Claim costs incurred in 2001 with respect to claimants employed by related parties totaled $16,256,000 (2000 - $16,179,000).

In addition, the Board pays Provincial Sales Tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

The Board served notice to the Regina Health District on July 16, 2001 of its intent to terminate without cause the agreement between the Board and the Regina Health District regarding the Wascana Rehabilitation Centre. The agreement allows three years from the date the notice is served for payment of the outstanding amount owing to the Board. The amount owing is the depreciated value of the facility. The amount collected will be determined by the terms of the agreement.

Other related party transactions are disclosed separately in the notes.

15. Fair Value of Financial Assets and Liabilities:

The following method and assumptions were used to estimate the fair value of each class of financial assets and liabilities:

i) For the following financial assets the fair values are considered to approximate quoted market values on recognized stock exchanges, based on the latest bid or transaction prices:
   a) bonds and debentures
   b) equities
   c) pooled equity funds

ii) Mortgages: The fair value is calculated by discounting scheduled cash flows through to the estimated maturity of the mortgage using current interest rates.

iii) Real estate: The fair value is determined by independent individual property appraisals.

iv) The carrying value of cash, short-term investments, accounts receivables, accrued interest, outstanding cheques, accounts payables and rebates payable approximate their fair value due to the relatively short periods to maturity of the instruments.

v) It is not practical to determine the fair value of the benefits liabilities or the annuity fund payable due to their long-term nature. The Board does not intend to settle these liabilities in the near term and there is no ready market to determine their fair value.

Notes to Financial Statements

16. Provision for Future Benefits Administration Costs:

In 2001, the Board changed its method of accounting for future benefits administration costs. Prior to the change, the Board had established a Future Benefits Administration Reserve to provide for these costs. The amount of this reserve at December 31, 2000 was $49,335,000 (1999 - $48,239,000).

Future benefits administration costs are now being provided for as a liability. With actuarial assistance, the Board determined the recorded liability as at December 31, 2000 in the amount of $31,196,000 (1999 - $30,788,000)

The net effect of this change in accounting policy and the Future Benefits Administration Reserve being discontinued is as follows:

	2001 (thousands of dollars)	2000
Injury Fund balance, beginning of year, as previously reported	**$ 30,731**	$ 28,397
Add: Increase in Injury Fund balance due to Reserve for Future Benefits Administration Costs being discounted	**49,335**	48,239
Less: Decrease in Injury Fund balance due to Future Benefits Administration Costs now being included in benefits liabilities	**(31,196)**	(30,788)
Net effect of changes	**18,139**	17,451
Injury Fund balance, beginning of year, as restated	**$ 48,870**	$ 45,648

The accounting change has been applied in these financial statements on a retroactive basis. The effect on the Statement of Operations and Injury Fund and the Statement of Financial Position is as follows:

STATEMENT OF OPERATIONS For the year ended December 31, 2000	**AS PREVIOUSLY REPORTED**	**(DECREASE) INCREASE**	**AS RESTATED**
Increase in future benefits administration	$ -	$ 408	$ 408
Net surplus	4,696	(408)	4,288
Injury Fund, beginning of year	28,397	17,451	45,848
Injury Fund, end of year	30,731	18,139	48,870

STATEMENT OF FINANCIAL POSITION As at December 31, 2000	**AS PREVIOUSLY REPORTED**	**(DECREASE) INCREASE**	**AS RESTATED**
Benefits liabilities	$ 599,926	$ 31,196	$ 631,122
Reserves and Injury Fund	136,992	(31,196)	105,796

The impact of the change on the 2001 financial results is an additional increase in future benefits administration amounting to $3,428,000 increasing the total benefits liabilities as at December 31, 2001 to $34,624,000, as follows:

	2001 (thousands of dollars)	2000
Liabilities per actuarial valuation	**$ 665,839**	$ 599,926
Change in accounting policy	**34,624**	31,196
Liabilities per Statement of Financial Position	**$ 700,463**	$ 631,122

Notes to Financial Statements

17. Subsequent Event:

On March 25, 2002, the Government of Saskatchewan released the report of the Committee of Review into the Act. The report contains 48 recommendations which are to be discussed with business and labour groups prior to the Government introducing amendments to the Act.

18. Comparative Figures:

Certain comparative figures have been changed to conform to the current year's presentation.

SASKATCHEWAN WORKERS' COMPENSATION BOARD

Schedule 1 – Administration Expenses

Year ended December 31, 2001

	2001	2000
	(thousands of dollars)	
Salaries	$ 19,996	$ 17,645
Computer processing	4,446	5,276
Amortization of capital assets	5,191	4,825
Employee benefits	2,194	2,219
Consulting services	2,277	2,149
Building operations	1,204	1,013
Communications and postage	1,032	1,018
Printing, stationery and office supplies	1,007	1,581
Travel and automobile expenses	954	991
Professional services	877	892
Miscellaneous	728	833
Office rental	560	274
Office machines and equipment	99	150
	40,565	38,866
Less:		
Expenses charged to Government of Canada	559	594
Assessment penalties	652	600
Adjudication fees	268	159
	$ 39,086	$ 37,513

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Board of Governors, Uranium City Hospital as at March 31, 2002 and the statements of operations and changes in fund balances, and cash flows for the year then ended. The Hospital's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board of Governors, Uranium City Hospital as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
September 17, 2002

Fred Wendel, CMA, CA
Provincial Auditor

Statement 1

BOARD OF GOVERNORS, URANIUM CITY HOSPITAL
STATEMENT OF FINANCIAL POSITION
As at March 31

	Operating Fund	Capital Fund	Total 2002	Total 2001
ASSETS				
Current Assets				
Cash	$ 427,949	$ 3,012	$ 430,961	$ 335,458
Accounts Receivable				
Saskatchewan Health - General Revenue Fund	-	-	-	20,000
Patient Services and Recoveries	84,545	-	84,545	58,420
Inventory (Note 2(b) and 3)	72,007	-	72,007	73,539
Prepaid Expenses	33,525	-	33,525	19,631
	618,026	3,012	621,038	507,048
Capital Assets (Note 2(c) and 4)	-	50,560	50,560	45,815
Total Assets	$ 618,026	$ 53,572	$ 671,598	$ 552,863
LIABILITIES				
Current Liabilities				
Advance Payable (Note 5)	$ -	$ -	$ -	$ 85,000
Accounts Payable	81,655	-	81,655	83,516
Accrued Salaries and Vacation Pay	59,586	-	59,586	68,144
	141,241	-	141,241	236,660
FUND BALANCES				
Investment in Capital Assets	-	50,560	50,560	45,815
Externally Restricted (Note 2 (a)(ii))	-	3,012	3,012	20,000
Unrestricted	476,785	-	476,785	250,388
Fund Balances: Statement 2	476,785	53,572	530,357	316,203
Total Liabilities and Fund Balance	$ 618,026	$ 53,572	$ 671,598	$ 552,863

(see accompanying notes to the financial statements)

Statement 2

BOARD OF GOVERNORS, URANIUM CITY HOSPITAL
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES
For the Year Ended March 31

	2002				2001
	Operating Fund Budget (Note 9)	Operating Fund	Capital Fund	Total	Total
Revenues:					
Saskatchewan Health - General Revenue Fund	$ 1,667,130	$1,664,280	$ -	$ 1,664,280	$ 1,669,142
Income and recoveries	43,108	49,481	-	49,481	37,483
Interest income	12,000	19,858	-	19,858	13,001
Ancillary operations	19,200	23,445	-	23,445	25,600
	1,741,438	1,757,064	-	1,757,064	1,745,226
Expenses:					
Administration	308,500	303,315	12,243	315,558	285.862
Housekeeping and laundry	65,950	62,243	-	62,243	55,731
Maintenance	280,422	255,275	-	255,275	207,034
Dietary	111,600	118,104	-	118,104	86,756
Acute care (Note 8)	577,100	564,785	-	564,785	543,452
Laboratory and x-ray	133,200	146,250	-	146,250	142,040
Ancillary operations	75,688	80,695	-	80,695	81,381
Total (to Schedule 1)	1,552,460	1,530,667	12,243	1,542,910	1,402,256
Excess (deficiency) of revenues over expenses	$ 188,978	226,397	(12,243)	214,154	342,970
Fund balances, beginning of year		250,388	65,815	316,203	(26,767)
Fund balances, end of year		$ 476,785	$ 53,572	$ 530,357	$ 316,203

(see accompanying notes to the financial statements)

Statement 3

BOARD OF GOVERNORS, URANIUM CITY HOSPITAL
STATEMENT OF CASH FLOWS
For the Year Ended March 31

	Operating Fund		Capital Fund	
	2002	2001	2002	2001
Cash provided by (used in):				
Operating Activities				
Excess (deficiency) of revenue over expenses	$ 226,397	$ 331,815	$ (12,243)	$ 11,155
Non-cash expense - amortization of capital assets	-	-	12,243	8,845
Net change in non-cash working capital (Note 11)	(48,906)	(19,321)	20,000	(20,000)
	177,491	312,494	20,000	-
Financing and Investing Activities				
Purchase of capital assets	-	-	(16,988)	-
Payment of Advance (Note 5)	(85,000)	-	-	-
Net increase (decrease) in cash	92,491	312,494	3,012	-
Cash, beginning of year	335,458	22,964	-	-
Cash, end of year	$ 427,949	$ 335,458	$ 3,012	$ -

(see accompanying notes to the financial statements)

BOARD OF GOVERNORS, URANIUM CITY HOSPITAL
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2002

1. Authority

The Board of Governors, Uranium City Hospital was established June 5, 1995 by Order in Council #508/95 under The Public Health Act to operate the Uranium City Hospital.

The Minster of Municipal Government held the net assets and operated the Hospital on behalf of the Northern Settlement of Uranium City prior to establishment of the Board. By Order dated April 25, 1996, under Section 120 (1) of The Northern Municipalities Act, the Minister transferred the net assets to the Board effective June 5, 1995 for no monetary consideration.

2. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Significant accounting policies are summarized as follows:

a) Fund Accounting

The accounts of the Board are maintained in accordance with the principles of restricted fund accounting. For financial reporting purposes, accounts with similar characteristics have been combined into the following major funds:

i Operating fund

The operating fund reflects the primary operations of the Board including revenues received for provision of health services from Saskatchewan Health - General Revenue Fund, and billings to patients, clients, and other agencies for patient and client services. Other revenues consists of recoveries and ancillary operations. Expenses are for the delivery of health services.

ii Capital Fund

The capital fund is a restricted fund that reflects the equity of the Board in capital assets. The capital fund includes revenues received from Saskatchewan Health - General Revenue Fund designated for the acquisition of capital assets. Expenses consist of amortization of capital assets.

b) Inventories

Inventory consists of medical and surgical supplies, pharmacy, fuel oil and other general supplies.

Inventories are valued at the lower of cost and net realizable value, with cost determined by the first-in first-out (FIFO) method.

c) Capital Assets

Capital assets are recorded at cost. Cost is amortized over the useful life of the assets.

Amortization has been taken on the straight-line basis at the rate of 10% - 20% on equipment. The building was amortized on a straight line basis over its estimated useful life.

d) Revenue

Contributions, including operating and capital funding from Saskatchewan Health - General Revenue Fund, are included in revenue in the year in which they are received or receivable.

e) Pensions

The Board expenses all contributions it is required to make to the multi-employer defined benefit pension plan in the year.

3. Inventory

	2002	2001
Pharmacy	$ 16,409	$ 26,745
Fuel Oil	21,309	19,820
General Supplies	4,373	14,658
Medical and Surgical Supplies	29,916	12,316
	$ 72,007	$ 73,539

4. Capital Assets

	2002			2001
	Cost	Accumulated Amortization	Net Carrying Amount	Net Carrying Amount
Land	$ 4,295	$ -	$ 4,295	$ 4,295
Building	1,444,979	1,444,979	-	-
Equipment	497,375	451,110	46,265	41,520
	$ 1,946,649	$ 1,896,089	$ 50,560	$ 45,815

5. Advance Payable

The advance received from Saskatchewan Health - General Revenue Fund was interest free and repayable at the discretion of Saskatchewan Health. Saskatchewan Health requested the Hospital to pay this amount to the Athabasca Health Authority (AHA). The $85,000 was paid to AHA in September 2001.

6. Related Party Transactions

Included in these financial statements are transactions with related parties. These related parties include various Saskatchewan Crown Corporations, departments, agencies, boards and commissions related to the Board by virtue of common control by the Government of Saskatchewan and non-crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan.

Routine operating transactions with related parties are settled at standard rates charged by the organizations under normal trade terms. These transactions and amounts outstanding at year-end are included in the financial statements and the table below:

	2002	2001
Accounts receivable	$ -	$30,076
Accounts payable and accrued liabilities	10,465	43,360
Expenses	93,329	61,133

In addition, the Board pays Provincial Sales Tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

Other amounts and transactions due to and from related parties and the terms of settlement are described separately in these financial statements and the notes thereto.

7. Pensions

Employees of the Board participate in the retirement plan of the Saskatchewan Association of Health Organizations (a related party) which is a multi-employer defined benefit pension plan. The Board's financial obligation to the plan is limited to making required payments to match amounts contributed by employees for current services. Pension expense for the year amounted to $12,579 (2001 - $10,370).

8. Acute Care

Acute care expenses includes nursing and support services. However, they do not include salaries paid to doctors. Doctors are paid by Saskatchewan Health - Northern Medical Services and the expense is not reflected in these financial statements.

9. Budget

The operating budget was approved by the Board.

10. Financial Instruments

a) Significant terms and conditions

There are no significant terms and conditions related to financial instruments classified as current assets or current liabilities that may affect the amount, timing and certainty of future cash flows. Significant terms and conditions for the other financial instruments are disclosed separately in these financial statements.

b) Credit risk

The Board is exposed to credit risk from the potential non-payment of accounts receivable. The majority of the Board's receivables are with many customers, therefore credit risk is minimal.

c) Fair value

The carrying amount of these financial instruments approximates fair value due to their immediate or short-term nature.

cash
accounts receivable
accounts payable
accrued salaries and vacation pay

11. Net Change in Non-Cash Working Capital

	Operating Fund		Capital Fund	
	2002	2001	2002	2001
(Increase) decrease in accounts receivable	$ (26,125)	$ (24,742)	$ 20,000	$ (20,000)
Decrease (increase) in inventories	1,532	(11,041)	-	-
(Increase) decrease in prepaid expenses	(13,894)	1,259	-	-
(Decrease) in accounts payable	(1,861)	(14,841)	-	-
(Decrease) increase in vacation payable	(8,558)	30,044	-	-
	$ (48,906)	$ (19,321)	$ 20,000	$ (20,000)

12. Comparative Figures

Certain of the 2001 comparative figures have been reclassified to conform with the current year's presentation.

Schedule 1

BOARD OF GOVERNORS, URANIUM CITY HOSPITAL
SCHEDULE OF EXPENSES BY OBJECT
For the year ended March 31

	2002	2001
Salaries and other benefits	$ 880,584	$ 770,619
Medical, surgical, drugs and other patient supplies	71,345	63,078
Utilities	131,272	130,170
Repairs and maintenance	31,762	27,230
Dietetic/ food supplies	24,639	13,180
Amortization expense	12,243	8,845
Staff education and travel	132,549	107,298
Other		
- Board expenses	14,042	44,751
- Administrative	161,586	155,580
- Laundry and linen	202	145
- Housekeeping	1,991	2,326
- Ancillary operations	80,695	79,034
	$ 1,542,910	$ 1,402,256

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the balance sheet of the Health Services Utilization and Research Commission as at March 31, 2002 and the statements of revenue, expenses and changes in fund balance and cash flows for the year then ended. The Commission's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Health Services Utilization and Research Commission as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
May 17, 2002

Fred Wendel, CMA, CA
Provincial Auditor

Statement 1

HEALTH SERVICES UTILIZATION AND RESEARCH COMMISSION
BALANCE SHEET
As at March 31

	2002					2001
	Operating Fund	Regionalization Research Centre (Note 9)	SPHERU (Note 10)	Regional Partnership Program (Note 11)	Total	Total
ASSETS						
Current assets:						
Cash	$ —	$ 150	$ —	$ —	$ 150	$ 219,718
Accrued Interest receivable	4,080	—	—	—	4,080	4,641
Accounts receivable	10,135	9,546	—	—	19,681	18,274
Short-term investments (Note 2(e) and 3)	1,098,563	116,375	450,000	250,000	1,914,938	1,481,153
Prepaid expenses	2,593	—			2,593	1,038
	1,115,371	126,071	450,000	250,000	1,941,442	1,724,824
Long-term investments (Note 2(e) and 3)	3,991,103	—	725,426	34,116	4,750,645	5,174,856
Capital assets (Note 2(c) and 5)	57,636	6,347	—	—	63,983	80,327
Total assets	$5,164,110	$ 132,418	$ 1,175,426	$ 284,116	$ 6,756,070	$ 6,980,007
LIABILITIES & FUND BALANCE						
Liabilities:						
Bank Debt	$ 2,094	$ —	$ —	$ —	$ 2,094	$ —
Accounts payable	42,067	16,233	—	—	58,300	18,418
Payroll liabilities	—	—	—	—	—	561
Grants payable	646,756	—	—	—	646,756	412,442
Total liabilities	690,917	16,233	—	—	707,150	431,421
Fund balances:						
Externally restricted	—	116,185	—	—	116,185	724,076
Internally restricted	—	—	1,175,426	284,116	1,459,542	1,204,322
Unrestricted	4,473,193	—	—	—	4,473,193	4,620,188
Fund balances (Statement 2)	4,473,193	116,185	1,175,426	284,116	6,048,920	6,548,586
Commitments (Note 12)						
Total liabilities & fund balance	$5,164,110	$ 132,418	$ 1,175,426	$ 284,116	$ 6,756,070	$ 6,980,007

(See accompanying notes to the financial statements)

Statement 2

HEALTH SERVICES UTILIZATION AND RESEARCH COMMISSION
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND BALANCE
For the Year Ended March 31

	2002						2001
	Operating Fund		Regionalization Research Centre	SPHERU	Regional Partnership Program	Total	Total
	Budget	Actual	(Note 9)	(Note 10)	(Note 11)		
	(Note 8)						
Revenue:							
Saskatchewan Health							
General Revenue Fund	$ 2,508,000	$ 2,508,000	$ —	$ 250,000	$ 400,000	$ 3,158,000	$ 2,958,000
SK Economic Co-operative Development	—	—	—	—	250,000	250,000	250,000
Federal Government							
CIHR	—	—	—	—	—	—	39,140
Health Transition Fund	—	—	—	—	—	—	7,953
HealNet Research Project	—	—	291,795	—	—	291,795	239,852
CHSRF(Note 9(b))	—	—	7,000	—	—	7,000	15,750
SRNA Project	—	20,000	—	—	—	20,000	—
Conference Registrations	—	—	47,560	—	—	47,560	—
RRC Memberships	—	—	5,240	—	—	5,240	—
Recoveries	—	21,182	—	—	—	21,182	15,751
Interest	278,778	349,906	—	25,000	—	374,906	418,479
Gain on disposal of capital assets	—	200	—	—	—	200	25
Miscellaneous	—	5,463	12,074	—	—	17,537	1,645
Total revenue	2,786,778	2,904,751	363,669	275,000	650,000	4,193,420	3,946,595
Expenses:							
Student grants	—	—	14,542	—	—	14,542	29,300
Research grants	1,606,956	1,679,272	—	626,433	1,016,070	3,321,775	2,639,660
Wages and benefits	887,529	764,389	202,768	—	—	967,157	917,419
Administrative and operating expenses	447,892	189,055	113,034	—	—	302,089	252,443
Honoraria and expenses of the board and committees	57,355	22,680	7,324	—	—	30,004	25,328
Amortization expense	—	23,241	3,637	—	—	26,878	34,329
Rent	28,328	26,475	3,112	—	—	29,587	29,587
Loss on disposal of capital assets	—	956	98	—	—	1,054	—
Total expenses	3,028,060	2,706,068	344,515	626,433	1,016,070	4,693,086	3,928,066
Excess (deficiency) of revenue over expenses	$ (241,282)	198,683	19,154	(351,433)	(366,070)	(499,666)	18,529
Fund balance, beginning of year		4,624,510	97,031	1,276,859	550,186	6,548,586	6,530,057
Transfer between funds (Note 10 and 11)		(350,000)	—	250,000	100,000	—	—
Fund balance, end of year (Statement 1)		$ 4,473,193	$ 116,185	$ 1,175,426	$ 284,116	$ 6,048,920	$ 6,548,586

(See accompanying notes to the financial statements)

Statement 3

HEALTH SERVICES UTILIZATION AND RESEARCH COMMISSION
STATEMENT OF CASH FLOWS
For the Year Ended March 31

	Operating Fund	Regionalization Research Centre (Note 9)	SPHERU (Note 10)	Regional Partnership Program (Note 11)	Total 2002	Total 2001
Cash provided by (used in):						
Operating activities:						
Excess (deficiency) of revenue over expenses (Statement 2)	$ 198,683	$ 19,154	$ (351,433)	$ (366,070)	$ (499,666)	$ 18,529
Non-cash items:						
Amortization expense	23,241	3,637	—	—	26,878	34,329
(Gain) loss on disposal of capital assets	756	98	—	—	854	(25)
Net Changes in non-cash working capital (Note 4)	267,887	3,346	—	—	271,233	(287,911)
	490,567	26,235	(351,433)	(366,070)	(200,701)	(235,078)
Investment activities:						
Decrease (increase) in short-term investments	(407,874)	(25,910)	—	—	(433,784)	1,415,535
Decrease (increase) in long-term investments	56,708	—	101,433	266,070	424,211	(1,062,786)
Purchases of capital assets	(11,263)	(325)	—	—	(11,588)	(13,147)
Proceeds from disposal of capital assets	200	—	—	—	200	25
	(362,229)	(26,235)	101,433	266,070	(20,961)	339,627
Net increase (decrease) in cash	128,338	—	(250,000)	(100,000)	(221,662)	104,549
Cash, beginning of year	219,568	150	—	—	219,718	115,169
Transfers between funds (Note 10 and 11)	(350,000)	—	250,000	100,000	—	—
Cash, end of year	$ (2,094)	$ 150	$ —	$ —	$ (1,944)	$ 219,718

(See accompanying notes to the financial statements)

HEALTH SERVICES UTILIZATION AND RESEARCH COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2002

1. Establishment of the Commission

Order in Council 165/92 established the Health Services Utilization and Research Commission (HSURC) as a Crown corporation on February 20, 1992. The Commission has been continued pursuant to *The Health Services Utilization and Research Commission Act*. The Commission reviews, analyzes and makes recommendations as to the most effective utilization of health services in Saskatchewan and provides research funding.

2. Accounting Policies

The Health Services Utilization and Research Commission maintains its accounts using Canadian generally accepted accounting principles including the following significant accounting policies:

a) Fund Accounting

The accounts of the Commission are maintained in accordance with the principles of restricted fund accounting for contributions. For financial reporting purposes, accounts with similar characteristics have been combined into the following funds:

i) Operating Fund

The operating fund reflects the primary operations of the Board including Saskatchewan Health - General Revenue Fund revenues received to provide research funding to various researchers and to conduct in-house utilization research. Other revenue consists of funding from the Saskatchewan Registered Nurses' Association for a Quality Workplace Program Pilot Project, recoveries, interest and miscellaneous revenue. Expenses consist of the research grants awarded, cost of in-house utilization research and administrative costs.

ii) Restricted Fund – Regionalization Research Centre

The Regionalization Research Centre Fund reflects revenue received from the Networks of Centres of Excellence Program (Federal Government), the Canadian Health Services Research Foundation (CHSRF), conference registrations, memberships and miscellaneous revenue. Expenses consist of costs of in-house and contract research staff, administrative costs and conference costs. This fund was previously referred to as the HEALNet Research Project Fund.

iii) Restricted Fund – Saskatchewan Population Health and Evaluation Research Unit (SPHERU).

The SPHERU Fund reflects transfers from the Health Services Utilization and Research Commission, and revenue from Saskatchewan Health – General Revenue Fund for the Unit. Expenses consist of research grants.

iv) Restricted Fund – Saskatchewan – Canadian Institute of Health Research Regional Partnership Program (RPP).

The RPP Fund reflects transfers from the Health Services Utilization and Research Commission, and revenue from Saskatchewan Health – General Revenue Fund & Saskatchewan Economic Co-operative Development. Expenses consist of research grants.

b) Research Grants

Annual Competitions

The Health Services Utilization and Research Commission holds annual competitions through which funds are awarded to successful applicants for terms of up to two years. The Commission expenses the approved funds for each year of the grant, provided recipients meet eligibility criteria. Awarded amounts not paid or payable at year-end are recorded as commitments in the notes to the financial statements. The commitments are low compared to last year due to the Fellowship competition being moved forward by four months into the next fiscal year.

The balance of funds advanced to administering institutions in excess of the current requirements of researchers is held in trust by those institutions until drawn down by the researchers. Funds not spent during the life of a successfully completed research grant are treated as a recovery in the year that this is determined. These funds are then available to be awarded for future research.

c) Capital Assets

Capital assets are recorded at cost. Normal maintenance and repairs are expensed as incurred. Capital assets are amortized on a straight-line basis over their estimated useful lives (3 to 10 years).

d) Revenue

Unrestricted contributions are recognized as revenue in the Operating Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

e) Investments

Investments are valued at the lower of amortized cost or net realizable value.

3. Investments

	2002		2001	
	Carrying Value	Effective Rate	Carrying Value	Effective Rate
Short-term investments	$ 1,914,938		$ 1,481,153	
Long-term investments:				
Province of Saskatchewan Strip Bond	—	—	288,810	6.0%
Government of Canada Strip Bonds, mature in 1-2 years	274,737	5.8%	672,611	5.7 - 5.8%
Farm Credit Corporation Bond, mature in 1-2 years	603,225	2.7 - 5.9%	318,113	5.9%
CIBC Strip Bond	—	—	639,605	6.3%
Province of Quebec Bond, matures in 1 year	442,345	6.0%	416,840	6.0%
Province of British Columbia Strip Bonds, mature in 2-3 years	1,435,774	6.1 - 6.5%	1,355,809	6.1 - 6.5%
Province of Ontario Bonds, mature in 2-4 years	1,214,699	6.0 - 6.6%	1,138,325	6.0 - 6.6%
Ontario Hydro Bond, matures in 3 years	260,292	6.0%	244,743	6.0 %
Province of Saskatchewan Savings Bond, matures in 3 years	100,000	5.8%	100,000	5.8 %
Province of Manitoba Bond, matures in 5 years	419,573	5.6%	—	—
	4,750,645		5,174,856	
	$ 6,665,583		$ 6,656,009	

4. Changes in Components of Non-Cash Working Capital

	Operating Fund	Regionalization Research Centre	Total 2002	Total 2001
Decrease in accrued interest receivable	$ 561	$ —	$ 561	$ 9,708
Decrease (increase) in accounts receivable	6,651	(8,058)	(1,407)	37,945
(Increase) decrease in prepaid expenses	(1,555)	—	(1,555)	2,582
Increase (decrease) in accounts payable	28,477	11,404	39,881	(25,948)
(Decrease) increase in payroll liabilities	(561)	—	(561)	561
Increase (decrease) in grants payable	234,314	—	234,314	(312,759)
Net changes in non-cash working capital	$ 267,887	$ 3,346	$ 271,233	$ (287,911)

5. Capital Assets

	2002			2001
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Furniture & Equipment	$ 228,070	$ 164,087	$ 63,983	$ 80,327

6. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown Corporations, departments, agencies, boards and commissions related to the Commission by virtue of common control by the Government of Saskatchewan, and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan (collectively referred to as "related parties").

Routine operating transactions with related parties are recorded at the standard rates charged by those organizations and are settled on normal trade terms. These transactions, and amounts outstanding at year-end are as follows:

	2002	2001
Research grant, administrative and occupancy expenses:		
Capital Pension Plan - employee benefits	$ 34,141	$ 40,193
Regina Health District Board	16,557	50,594
Saskatchewan Cancer Agency	15,500	—
Saskatchewan Health	—	8,601
Saskatoon District Health Board	55,741	48,978
University of Regina	397,339	350,764
University of Saskatchewan	2,923,265	2,275,467
Other	7,645	3,213
Accounts payable	38,618	13,264
Grants payable	646,756	412,442

The Commission pays Provincial Sales Tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

Other transactions with related parties and amounts due to or from them are described separately in these financial statements and the notes thereto.

7. Financial Instruments

The Commission has the following financial instruments: accrued interest receivable, accounts receivable, investments, accounts payable, and grants payable. The following paragraphs disclose the significant aspects of these financial instruments.

a) Significant terms and conditions

There are no significant terms and conditions associated with the financial instruments, other than investments, that may affect the amount, timing, and certainty of future cash flows. Significant terms and conditions for investments are described separately in these financial statements and the notes thereto.

b) Interest rate risk

The Commission is exposed to interest rate risk when the value of its financial instruments fluctuate due to changes in market interest rates.

The Commission's receivables and payables are non-interest bearing. Due to the short-term nature of these, as well as cash and short-term investments, interest rate risk is minimal.

As market interest rates fluctuate the market value of long-term investments moves in the opposite direction. This risk will affect the price the Commission could sell the investments for prior to maturity.

c) Credit risk

The Commission is exposed to credit risk from potential non-payment of accounts receivable or investment income and principal.

Most of the Commission's receivables are from provincial and federal governments, therefore the credit risk is minimal.

The Commission's investments consist of provincial and federal government bonds, promissory notes, treasury bills and bankers acceptances with large Canadian banks. Therefore, credit risk for investments and related accrued interest receivable is minimal.

d) Fair Value

For the following financial instruments, the carrying amounts approximate fair value due to their immediate or short-term nature:

Accrued interest receivable
Accounts receivable
Short-term investments
Accounts payable
Payroll liabilities
Grants payable

The fair value of long-term investments is $ 4,797,474 (2001 - $5,239,508). The fair value is considered to approximate quoted market values.

8. Budget

These amounts represent the operating budget approved by the Board on June 21, 2001.

9. Regionalization Research Centre

a) Networks of Centres of Excellence Program (NCE) - HEALNet Research Project

Current agreement: July 1, 1999 to June 30, 2002

The Commission received an allocation of $261,795 for use in the 2001/2002 year. The Commission spent $261,235 during the 2001/2002 year. Unused funding is retained for use in the 2002/2003 year.

In addition, the Commission received $30,000 for allocation to the Centre's national conference on regionalization in health care, held in Vancouver, in February 2002.

b) Canadian Health Services Research Foundation (CHSRF)

In 1999/2000, the Commission received for the Regionalization Research Centre, a two-year $20,000 grant from the Canadian Health Services Research Foundation for the period November 1, 1999 to October 31, 2001. In 2001/2002, a holdback of $2,000 was received and $9,080 was spent. The project is now complete, with all funds being spent.

In 2000/2001, the Commission received for the Regionalization Research Centre, an additional grant from the Canadian Health Services Research Foundation for the Centre's involvement in a study administered through McMaster University. The grant amount of $15,750 was received and in 2001/2002, $15,545 was spent. Unused funding is retained for use in the 2002/2003 year.

In addition, the Commission received $5,000 for the Centre's national conference on regionalization in health care, held in Vancouver, in February 2002.

c) National Conference on Regionalization in Health Care

In February 2002, the Centre held a national conference on regionalization in health care in Vancouver, B.C. The commission received $47,560 in registration fees from individual registrants. Other revenue for the conference was received from HEALNet NCE (note 9 a), Canadian Health Services Research Foundation (note 9 b) and $5,000 in miscellaneous revenue. The commission spent $58,655 on conference expenses.

d) Memberships

In 2001/2002, the commission received $5,240 in membership fees.

10. Saskatchewan Population Health Evaluation and Research Unit (SPHERU)

On July 9, 1999, the Saskatchewan Population Health and Evaluation Research Unit, Inc. (SPHERU) was incorporated as a separate entity under *The Non-Profit Corporations Act, 1995*. This corporation focuses on enhancing health and social planning, evaluating health system changes, improving health information use for planning and evaluation and health policy development.

The corporation is funded by Saskatchewan Health and HSURC which provided $250,000 each during the year. HSURC administers the funds for the corporation and distributed $626,433 to SPHERU, Inc. during the year. Unused funding is retained for use in the 2002/2003 year.

11. Saskatchewan – Canadian Institute of Health Research Regional Partnership Program

The program was set up in 1999/2000 to provide funding support for Saskatchewan researchers and research projects. During the year, the program received funding from Saskatchewan Health, Saskatchewan Economic and Co-operative Development and HSURC, which provided $400,000, $250,000 and $100,000 respectively. HSURC agreed to manage the funds for the program, in a signed agreement with Saskatchewan Economic and Co-operative Development.

12. Commitments

At March 31, 2002, the Commission had the following commitments:

a) Research Grants

The Board has approved research grants for payment in 2002/2003 of $695,215 and in 2003/2004 of $56,059.

b) SPHERU

Under a memorandum of understanding, signed October 31, 1999, HSURC will pay SPHERU $250,000 per year and interest up to $25,000 per year until the year 2006/2007.

c) RPP

As per a May 1999 agreement between Saskatchewan Health, Saskatchewan Economic and Co-operative Development and CHSRF (formerly the Medical Research Council of Canada), HSURC will contribute $100,000 per year until the year 2003/2004.

d) Health Co-ordinator

Under a memo of understanding between HSURC and the University of Saskatchewan signed in November 1999, HSURC will contribute $100,000 per year until 2004/2005 to support a university co-ordinator of Health Research position.

13. Pension Plan

HSURC is a participating employer in the Capital Pension Plan, a defined contribution pension plan. Eligible employees make monthly contributions of 5.5% of gross salary, which are matched by HSURC. During the year, the Commission's total contributions were $34,141 (2001 - $40,193).

14. Comparative Information

Certain 2000/2001 balances have been reclassified to conform with the current year's presentation.

15. Dissolution of HSURC

On May 6, 2002, the Government of Saskatchewan introduced into the Saskatchewan Legislative Assembly for first reading the *Health Quality Council Act*, followed by the introduction of the *Saskatchewan Health Research Foundation Act* on May 9, 2002.

The *Saskatchewan Health Research Foundation Act* includes the following provision to repeal the *Health Services Utilization and Research Commission Act* which provides the legislative authority for HSURC:

Section 22:

(1) *The Health Services Utilization and Research Commission Act* is repealed.
(2) All property, assets, liabilities, rights and obligations of the Health Services Utilization and Research Commission immediately before the coming into force of this section are transferred to and become the property, assets, liabilities, rights and obligations of the foundation.
(3) All actions and proceedings commenced by or against the Health Services Utilization and Research Commission are continued as actions or proceedings against the Saskatchewan Health Research Foundation.
(4) Any action or proceeding that could have been commenced against the Health Services Utilization and Research Commission but for the repeal of *The Health Services Utilization and Research Commission Act* may be commenced against the Saskatchewan Health Research Foundation.

The board of HSURC plans to transfer the HSURC staff and assets relevant to the start-up of the Health Quality Council to that agency, by transfer agreement, before the coming into force of the above provision.

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Saskatchewan Cancer Foundation as at March 31, 2002 and the statements of operations and changes in fund balances, and cash flows for the year then ended. The Foundation's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

FWendel

Regina, Saskatchewan
May 3, 2002

Fred Wendel, CMA, CA
Acting Provincial Auditor

Statement 1

SASKATCHEWAN CANCER FOUNDATION
STATEMENT OF FINANCIAL POSITION
As at March 31

	2002						2001
	Operating Funds		Restricted Funds				
	Operating Fund	Division of Prevention & Early Detection	Capital Fund	Research Fund	Trust Fund	Total	Total
ASSETS							
Current assets:							
Cash and short-term investments (Schedule 2)	$ 3,441,566	$ 1,560,662	$ 5,649,655	$ 322,471	$ 570,098	$ 11,544,452	$ 6,077,010
Accounts receivable:							
Saskatchewan Health -General Revenue Fund	167,064	---	99,723	---	---	266,787	3,310,560
Other and accrued interest	122,648	27,942	24,659	162,084	35,318	372,651	399,674
Prepaid expenses	213,231	17,642	2,268	7,807	2,500	243,448	1,006,441
Due (to) from other funds	(98,076)	(236,632)	601,535	(69,067)	(197,760)	---	---
	3,846,433	1,369,614	6,377,840	423,295	410,156	12,427,338	10,793,685
Investments (Schedule 2) (Market $11,230,668; 2001 - $10,830,030)	7,070,981	1,483,050	1,189,400	---	1,529,005	11,272,436	10,742,140
Capital assets (Note 3)	---	---	24,081,356	---	---	24,081,356	21,478,079
	$ 10,917,414	$ 2,852,664	$ 31,648,596	$ 423,295	$ 1,939,161	$ 47,781,130	$ 43,013,904
LIABILITIES AND FUND BALANCES							
Current Liabilities:							
Accounts payable:							
Trade	$ 4,578,541	$ 240,082	$ 601,196	$ 2,648	$ 3,259	5,425,726	$ 3,029,427
Vacation	516,929	5,952	---	---	---	522,881	464,942
Deferred revenue	344,096	217,425	---	---	---	561,521	486,950
	5,439,566	463,459	601,196	2,648	3,259	6,510,128	3,981,319
Fund Balances:							
Invested in capital assets	---	---	24,081,356	---	---	24,081,356	21,478,079
Other capital fund net assets	---	---	6,966,044	---	---	6,966,044	7,846,621
Externally restricted, statement 2	---	---	---	420,647	1,935,902	2,356,549	2,102,666
Unrestricted, statement 2	5,477,848	2,389,205	---	---	---	7,867,053	7,605,219
	5,477,848	2,389,205	31,047,400	420,647	1,935,902	41,271,002	39,032,585
	$ 10,917,414	$ 2,852,664	$ 31,648,596	$ 423,295	$ 1,939,161	$ 47,781,130	$ 43,013,904

(See accompanying notes to the financial statements)

Statement 2

SASKATCHEWAN CANCER FOUNDATION
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES
Year ended March 31

	Operating Funds				Restricted Funds				
	Operating Fund	Division of Prevention & Early Detection	Total 2002	Total 2001	Capital Fund	Research Fund	Trust Fund	Total 2002	Total 2001
Revenues:									
Saskatchewan Health									
- General Revenue Fund	$ 37,753,721	$ 2,577,953	$ 40,331,674	$ 35,003,520	$ 3,517,684	$ 345,000	$ —	$ 3,862,684	$ 6,430,000
Grants	—	—	—	—	—	511,278	—	511,278	355,073
Donations and bequests	—	—	—	—	—	—	526,152	526,152	687,812
Other income	713,932	59,822	773,754	895,188	—	104,155	—	104,155	189,347
	38,467,653	2,637,775	41,105,428	35,898,708	3,517,684	960,433	526,152	5,004,269	7,662,232
Expenses:									
Divisions and general administration									
Salaries and employee benefits	21,815,775	1,399,657	23,215,432	20,269,016	—	—	—	—	—
Drugs and medical supplies	11,321,038	—	11,321,038	9,920,339	—	—	—	—	—
Purchased services	2,047,986	—	2,047,986	1,644,033	—	—	—	—	—
Other operating expenditures	3,420,254	916,527	4,336,781	4,487,912	—	—	153,166	153,166	171,838
Research grants (Schedule 1)	—	—	—	—	—	1,091,993	—	1,091,993	1,007,950
Trust fund grants	—	—	—	—	—	—	—	—	2,016
	38,605,053	2,316,184	40,921,237	36,321,300	—	1,091,993	153,166	1,245,159	1,181,804
	(137,400)	321,591	184,191	(422,592)	3,517,684	(131,560)	372,986	3,759,110	6,480,428
Investment income	598,100	146,705	744,805	763,261	185,215	11,399	100,005	296,619	308,564
	460,700	468,296	928,996	340,669	3,702,899	(120,161)	472,991	4,055,729	6,788,992
Less amortization expense	—	—	—	—	2,746,308	—	—	2,746,308	2,538,313
Excess (deficiency) of revenues over expenses	460,700	468,296	928,996	340,669	956,591	(120,161)	472,991	1,309,421	4,250,679
Fund balances, beginning of year	5,475,330	2,129,889	7,605,219	7,686,868	29,324,700	295,021	1,807,645	31,427,366	26,754,369
Interfund transfers (Note 10)	(458,182)	(208,980)	(667,162)	(422,318)	766,109	245,787	(344,734)	667,162	422,318
Fund balances, end of year	$ 5,477,848	$ 2,389,205	$ 7,867,053	$ 7,605,219	$ 31,047,400	$ 420,647	$ 1,935,902	$ 33,403,949	$ 31,427,366

(See accompanying notes to the financial statements)

Statement 3

SASKATCHEWAN CANCER FOUNDATION
STATEMENT OF CASH FLOWS
Year Ended March 31

	2002	2001
Cash resources provided by (used in):		
OPERATING ACTIVITIES:		
Excess (deficiency) of revenues over expenses (Statement 2):		
Operating fund	$ 460,700	$ 170,344
Division of Prevention & Early Detection	468,296	170,325
Research fund	(120,161)	(119,236)
Trust fund	472,991	603,598
	1,281,826	825,031
Net change in non-cash working capital (Note 4)	6,362,598	(3,946,948)
Net cash (used in) provided by operating activities	7,644,424	(3,121,917)
INVESTMENT ACTIVITIES:		
Net (acquisition) of capital assets	(5,349,585)	(3,485,645)
Net (acquisition) disposition of investments	(530,296)	896,320
FINANCING ACTIVITIES:		
Payment from General Revenue Fund for capital assets	3,517,684	6,085,000
Other capital fund activities	185,215	219,630
Net change in cash resources during the year	5,467,442	593,388
Cash and short-term investments, beginning of year	6,077,010	5,483,622
Cash and short-term investments, end of year	$ 11,544,452	$ 6,077,010

(See accompanying notes to the financial statements)

SASKATCHEWAN CANCER FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2002

1. Legal Status of the Saskatchewan Cancer Foundation

The Foundation was created under provisions of *The Cancer Foundation Act* and commenced operations on August 1, 1979. The Foundation conducts a program for the treatment and prevention of cancer.

2. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant policies:

a) Fund accounting

The accounts of the Foundation are maintained in accordance with the principles of fund accounting. For financial reporting purposes, accounts with similar characteristics have been combined into the following major funding groups:

Unrestricted Funds

i) Operating Fund

The Operating Fund reflects the operations of the Allan Blair Cancer Centre, the Saskatoon Cancer Centre, and their respective patient lodges. Also included are research, public education, and communication activities.

The Cancer Centres provide diagnostic services, treatment services in radiotherapy and chemotherapy, and follow-up services. They serve as the focal points for the co-ordination of a comprehensive and multi-disciplinary approach to all aspects of care and treatment for cancer patients. The patient lodges provide housing for rural patients who are undergoing treatment at the Cancer Centres.

Research activities include basic and epidemiological research. Basic research attempts to understand, at the cellular and molecular level, the underlying differences between normal and cancerous cells. Epidemiological research involves studying the distribution and determinants of various cancers in specific populations and the application of these studies to cancer control.

Public education and communications through written, oral, and visual media are integral components of a diverse cancer care program.

ii) Prevention & Early Detection

Prevention and early detection programs in this fund are aimed at minimizing the impact of cancer through prevention and control. The Screening Program for Breast Cancer has responsibility for screening mammography for women ages 50-69 years of age in the Province.

Restricted Funds

iii) Capital Fund

The Capital Fund reflects the equity of the Foundation in capital assets. The Capital Fund includes revenues received from the Department of Health - General Revenue Fund. Expenses are primarily amortization of capital assets.

iv) Research Fund

The Department of Health - General Revenue Fund has provided funding to enable the Foundation to support a number of research projects. The Department of Health has attached the following guidelines to the funds:

a) Expenditure of these funds is at the discretion of the Foundation. The Foundation will assume responsibility for research costs in excess of the amount funded.

b) Research funds, including investment income on the funds, should be kept separate from other funds of the Foundation.

Activities of the fund include clinical trials research which is a scientific method for testing new or combinations of existing treatment modalities against the current standard of treatment for that specific cancer.

v) Trust Fund

The Trust Fund accepts donations for contributions designated by the contributors to be used for such purposes as cancer research, equipment and library books. The Foundation maintains a record of the funds contributed and spent for each of the designated purposes until such funds are fully utilized.

b) Revenue

Unrestricted contributions are recognized as revenue in the Operating Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted contributions related to general operations are recognized as revenue of the Operating Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund in the year received or receivable.

c) Investments

Investments are valued at the lower of cost or net realizable value. Net realizable value is used when there is a loss in investment value that is other than a temporary decline.

d) Capital Assets

Capital assets are recorded at cost. Normal maintenance and repairs are expensed as incurred. Capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Buildings	20 years
Leasehold Alterations	5 - 20 years
Equipment	5 - 15 years

e) Pension

Employees of the Foundation participate in the Public Employees' Pension Plan (a related party) which is a defined contribution pension plan. The Foundation follows defined contribution plan accounting for its participation in the plan. Accordingly, the Foundation expenses all contributions it is required to make in the year.

3. Capital Assets

	2002			2001
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land & Improvements	$ 280,297	$ ---	$ 280,297	$ 280,297
Buildings	18,359,974	13,242,006	5,117,968	5,932,368
Leasehold Alterations	11,248,069	3,441,840	7,806,229	7,163,952
Equipment & Furniture	27,878,196	17,001,334	10,876,862	8,001,965
Work in Progress	---	---	---	99,497
	$ 57,766,536	$ 33,685,180	$ 24,081,356	$ 21,478,079

Included in equipment and furniture is $2,384,745 of radiation therapy equipment that is not being amortized until it is placed into operation. The equipment is currently being installed and commissioned.

4. Net Change in Non-Cash Working Capital Balances Related to Operations

	2002	2001
(Increase) decrease in accounts receivable	$ 3,070,796	$ (3,212,100)
(Increase) decrease in prepaid expenses	762,993	(915,402)
Increase (decrease) in trade accounts payable	2,396,299	521,586
Increase in vacation accrual	57,939	11,954
Increase (decrease) in deferred revenue	74,571	(352,986)
Net change in non-cash working capital balances related to operations	$ 6,362,598	$ (3,946,948)

5. Pension Plan

Employees of the Foundation participate in the Public Employees' Pension Plan (a related party) which is a defined contribution pension plan. The Province of Saskatchewan is responsible for the plan. The Foundation's financial obligation to the plan is limited to making required payments to match the amount contributed by the employees for current services. Pension expense for the year amounted to $814,833 (2001 - $725,439) and is included in benefits.

6. Commitments

The Foundation is committed under term leases for office space at the following minimum amounts over the next five years (exclusive of proportionate increases):

2003	$ 190,340
2004	149,760
2005	102,325
2006	84,353
2007	84,353

The Foundation has a $726,716 commitment to complete the purchase and installation of radiation therapy equipment at the Allan Blair Cancer Centre and Saskatoon Cancer Centre during the next fiscal year.

7. Cancer Patient Lodges

The Canadian Cancer Society, Saskatchewan Division, has donated two cancer patient lodges in the Province to the Foundation. Under the terms of an agreement with the Society, the Foundation has assumed responsibility for the operations of these lodges. Title to the properties will remain with the Foundation so long as they are operated as cancer patient lodges.

8. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies, boards and commissions related to the Foundation by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan (collectively referred to as "related parties").

Drugs and purchased hospital services acquired from related parties are recorded at exchange amounts agreed to by the related parties. These transactions and amounts outstanding at year end are as follows:

	2002	2001
Expenses	$ 17,095,870	$ 14,900,464
Accounts payable	4,233,719	1,643,236

Routine operating transactions with related parties are settled at prevailing market prices under normal trade terms. These transactions and amounts outstanding at year end are as follows:

	2002	2001
Expenses	$ 1,754,789	$ 1,817,632
Accounts payable	43,018	123,235

In addition, the Foundation pays Provincial Sales Tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

The Regina Clinic is leased from the Regina District Health Board for $1 per year, including a portion of occupancy costs. The Saskatoon Clinic building owned by the Foundation is situated on land not owned by the Foundation. The Foundation is not charged for the use of this land.

Other amounts and transactions with related parties and the terms of settlement are described separately in these financial statements and notes thereto.

9. Financial Instruments

a) Significant terms and conditions

There are no significant terms and conditions related to financial instruments classified as current assets or current liabilities that may affect the amount, timing and certainty of future cash flows.

b) Interest rate risk

The Foundation is exposed to the following interest rate risk when the value of its financial instruments fluctuate due to changes in market interest rates:

- The interest rate risk for the Foundation's receivables and payables is minimal because they are non-interest bearing and of a short-term nature.
- As market interest rates fluctuate, the market value of long-term investments moves in the opposite direction. This risk will affect the selling price of investments if they are sold prior to maturity. Due to the size and nature of the Foundation's investment portfolio and its future cash flow needs, the Foundation is able to manage the timing of investment disposals in a manner that minimizes the interest rate risk.

c) Credit risk

The Foundation is exposed to credit risk from potential non-payment of accounts receivable or investment income and principle. The credit risk for the Foundation's receivables is minimal because they are mostly from the Department of Health – General Revenue Fund or other government organizations. The credit risk for the Foundation's investments and related accrued interest receivable is minimal because investments consist of provincial government bonds and debentures, corporate bonds, and guaranteed investment certificates with large Canadian banks.

d) Fair value

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

- The carrying value of the following financial instruments approximate fair value due to their immediate or short-term nature:

  Cash and short-term investments
  Accounts receivable
  Accounts payable

- For investments, the fair value is considered to approximate quoted market values.

10. Interfund Transfers

Interfund transfers consist of funds transferred from the Operating, Division of Prevention and Early Detection, Research, and Trust Funds to the Capital Fund to finance the purchase of capital assets and funds transferred from the Operating Fund to the Research Fund for research activities.

11. Budgets

Schedule 3 compares actual expenditures to Board approved budgeted expenditures for the year ended March 31, 2002.

Schedule 1

SASKATCHEWAN CANCER FOUNDATION RESEARCH FUND
SCHEDULE OF RESEARCH GRANTS
Year Ended March 31

	2002	2001
Participation in North Central Cancer Treatment Group	$ 473,550	$ 548,618
Participation in Children's Oncology Group	225,471	223,648
Participation in Radiation Therapy Oncology Group	75,036	41,429
Characterization of the Role of SAT-1 and ms-1 in Tumour Metastasis, Saskatoon	83,597	85,375
Molecular basis of B72.3 Combining Sites and Synthesis, Saskatoon	6,385	81,048
Impact of Treatment and Prognostic Variable on Differentiated Thyroid Cancer, Regina	4,644	7,835
Radiation Treatment Planning for Lung Cancer, Regina	9,064	4,453
Prostate Cancer Before and During the PSA Era, Saskatoon	22,936	12,792
Cranial Irradiation Revisited, Saskatoon	---	10,550
Effect of Prognostic Factors and Adjuvant Chemotherapy on Dukes' Stage B2 Colon Cancer in Saskatchewan, Regina	4,148	---
Lognormal Modelling for Breast Cancer Patients to Estimate Long-term Survival Probability, Regina	13,489	---
SRC Signalling in Colon Cancer, Saskatoon	46,373	---
Role of p85 in PDGF Receptor Down Regulation, Saskatoon	73,767	---
Generation of Tumour-specific Cytotoxic T Lymphocytes, Saskatoon	57,546	---
Review of Treatment Techniques and Outcomes for Carcinoma of Cervix in Saskatchewan, Regina	200	---
Total	1,096,206	1,015,748
Less capital expenditures	(4,213)	(7,798)
	$ 1,091,993	$ 1,007,950

(See accompanying notes to the financial statements)

Schedule 2

SASKATCHEWAN CANCER FOUNDATION
SCHEDULE OF INVESTMENTS
Year Ended March 31, 2002

	Carrying Value	Maturity Date	Effective Rate
Cash and short-term investments:			
Cash:			
Royal Bank of Canada	$ 11,544,452	—	1.75%
Long-term investments:			
Province of Saskatchewan Savings Bond	100,000	07/15/05	5.75%
Province of Ontario Bond	1,995,200	09/12/07	6.25%
Bell Canada Bond	299,700	01/18/08	6.37%
Province of Saskatchewan Savings Bond	497,000	05/28/08	5.58%
Province of Saskatchewan Savings Bond	489,650	06/02/08	5.88%
Province of Manitoba Bond	995,000	06/02/08	5.90%
Province of Manitoba Bond	319,901	06/02/08	6.12%
MBNA Canada Bank Bond	200,000	09/22/08	6.10%
TD Capital Trust Securities	350,000	12/31/09	7.75%
Province of Nova Scotia Bond	993,900	09/01/10	6.59%
Province of New Brunswick Bond	504,505	07/12/11	5.76%
Province of Ontario Bond	499,750	11/30/11	5.26%
TD Bank Debenture	998,780	07/31/12	6.67%
Bank of Nova Scotia Bond	1,018,500	07/22/13	5.54%
Bank of Nova Scotia Bond	489,250	05/12/14	6.13%
Province of New Brunswick Bond	496,800	12/27/17	6.06%
Province of Newfoundland Debentures	1,024,500	04/17/28	5.97%
	11,272,436		
Total cash and investments	$ 22,816,888		

(See accompanying notes to the financial statements)

Schedule 3

SASKATCHEWAN CANCER FOUNDATION
COMPARISON OF ACTUAL TO BUDGET
Year ended March 31, 2002

	Operating Funds				Restricted Funds			
	Operating Operating Fund		Division of Prevention & Early Detection		Research Fund		Trust Fund	
	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget
Revenues:								
Saskatchewan Health								
- General Revenue Fund	$ 37,753,721	$ 37,501,702	$ 2,577,953	$ 2,795,378	$ 345,000	$ 345,000	$ ---	$ ---
Grants	---	---	---	---	511,278	371,497	---	---
Donations and bequests	---	---	---	---	---	---	526,152	491,000
Other income	713,932	704,252	59,822	50,000	104,155	114,373	---	---
	38,467,653	38,205,954	2,637,775	2,845,378	960,433	830,870	526,152	491,000
Expenses:								
Divisions and general administration								
Salaries and employee benefits	21,815,775	23,052,176	1,399,657	1,587,848	---	---	---	---
Drugs and medical supplies	11,321,038	10,442,414	---	---	---	---	---	---
Purchased services	2,047,986	1,648,569	---	---	---	---	---	---
Other operating expenditures	3,420,254	3,505,795	916,527	1,289,030	---	---	153,166	291,450
Research grants (Schedule 1)	---	---	---	---	1,091,993	1,232,559	---	---
	38,605,053	38,648,954	2,316,184	2,876,878	1,091,993	1,232,559	153,166	291,450
	(137,400)	(443,000)	321,591	(31,500)	(131,560)	(401,689)	372,986	199,550
Investment income	598,100	650,000	146,705	120,000	11,399	11,296	100,005	88,000
Excess (deficiency) of revenues over expenses	$ 460,700	$ 207,000	$ 468,296	$ 88,500	$ (120,161)	$ (390,393)	$ 472,991	$ 287,550

	Capital Fund	
	Actual	Budget
Revenues:		
Saskatchewan Health		
- General Revenue Fund	$ 3,517,684	$ 4,050,000
Investment income	185,215	200,000
	3,702,899	4,250,000
Capital expenditures	5,349,584	8,355,872
Excess of expenditures over revenues	$ (1,646,685)	$ (4,105,872)

(See accompanying notes to the financial statements)

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Saskatchewan Health Information Network as at March 31, 2002 and the statements of operations and accumulated surplus, cash flows and tangible capital assets for the year then ended. The Corporation's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
May 16, 2002

Fred Wendel, CMA, CA
Provincial Auditor

Statement 1 - Statement of Financial Position

As of March 31, 2002

(thousands of dollars)

	2002	2001
FINANCIAL ASSETS		
Due from General Revenue Fund (Note 3)	$ 4,422	$ 1,952
Accounts Receivable		
Saskatchewan Health	348	618
Other	184	68
Note Receivable - SaskTel (Note 5)	27	27
Prepaid Expenses	110	67
Long Term Note Receivable - SaskTel (Note 5)	61	62
Total Financial Assets	5,152	2,794
LIABILITIES		
Accounts payable and accrued liabilities	2,243	994
Obligation to Saskatchewan Opportunities Corporation	162	97
Deferred Revenue (Note 9)	450	-
Current Portion of Obligations Under Capital Leases (Note 8)	254	36
Current Portion of Obligations Under Capital Leases with SaskTel (Notes 5 and 6)	110	73
Obligations Under Capital Leases (Note 8)	386	96
Obligations Under Capital Leases with SaskTel (Notes 5 and 6)	292	283
Total Liabilities	3,897	1,579
ACCUMULATED SURPLUS (Statement 2)	$ 1,255	$ 1,215
Accumulated Surplus represented by:		
Accumulated Operating Results	17,376	16,910
Less Tangible capital assets (Statement 4)	(16,121)	(15,695)
	$ 1,255	$ 1,215

(See accompanying notes to financial statements)

Statement 2 - Statement of Operations and Accumulated Surplus

For the year ended March 31, 2002 (thousands of dollars)

	2002		2001
	Budget	Actual	Actual (Note 10)
REVENUE			
Grants from Saskatchewan Health	$ 10,600	$ 10,600	$ 5,400
Interest and other revenue	-	1,405	982
Total Revenues	10,600	12,005	6,382
EXPENSES			
Salaries and Benefits	499	478	416
Board Expenses	41	41	28
Purchased Services	685	778	587
Ongoing Operations	4,000	3,486	2,620
Amortization		5,475	2,714
Accommodation Expense	308	328	195
Miscellaneous Expenses	161	270	307
CommunityNet	750	683	-
Total Expenses	6,444	11,539	6,867
Operating Results	$ 4,156	466	(485)
Net Decrease (Increase) in tangible capital assets (Statement 4)		(426)	(250)
INCOME (DEFICIT) FOR THE YEAR		40	(735)
ACCUMULATED SURPLUS, BEGINNING OF YEAR		1,215	1,950
ACCUMULATED SURPLUS, END OF YEAR (Statement 1)		$ 1,255	$ 1,215

(See accompanying notes to financial statements)

Statement 3 - Statement of Cash Flows

For the Year ended March 31, 2002

	(thousands of dollars)	
	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (Deficit) for the year	$ 40	$ (735)
Changes in non-cash working capital balances:		
Decrease in accounts receivable and prepaids	112	1,405
Increase (Decrease) in accounts payable and accrued liabilities	2,318	(82)
Increase (Decrease) in cash for the year	2,470	588
Due from General Revenue Fund, beginning of the year	1,952	1,364
Due from General Revenue Fund, end of the year	$ 4,422	$ 1,952

(See accompanying notes to financial statements)

Statement 4 - Statement of Tangible Capital Assets

As of March 31, 2002

(thousands of dollars)

	2002							2001
	Desktop Computer Hardware	Computer Network Hardware	Desktop Computer Software	Licensed or Multiple Application Software	Office Furniture and Equipment	System Development Costs	Total	Total
Opening Cost	$ 324	$ 3,633	$ 386	$ 6,353	$ 3	$ 9,033	$ 19,732	$ 17,484
Additions During the Year	26	67	273	418	19	4,248	5,051	2,478
Disposals	0	0	0	0	0	0	0	(230)
Closing Cost	350	3,700	659	6,771	22	13,261	24,783	19,732
Opening Accumulated Amortization	221	1,208	244	0	1	2,981	4,655	2,038
Annual Amortization	105	727	131	2,151	0	2,019	5,133	2,641
Disposals	0	0	0	0	0	0	0	(24)
Closing Accumulated Amortization	326	1,935	375	2,151	1	5,000	9,788	4,655
Subtotal	24	1,765	284	4,620	21	8,281	14,995	15,077
Leased Capital Assets								
Opening Cost	25	410	0	0	257	0	692	0
Additions	18	640	0	0	192	0	850	692
Disposals	0	0	0	0	0	0	0	0
Closing Cost	43	1,050	0	0	449	0	1,542	692
Opening Accumulated Amortization	2	0	0	0	72	0	74	0
Annual Amortization	11	195	0	0	136	0	342	74
Disposals	0	0	0	0	0	0	0	0
Closing Amortization	13	195	0	0	208	0	416	74
Subtotal of Leased Capital Assets	30	855	0	0	241	0	1,126	618
Net Book Value of Tangible Capital Assets	$ 54	$ 2,620	$ 284	$ 4,620	$ 262	$ 8,281	$ 16,121	$ 15,695

(See accompanying notes to financial statements)

SASKATCHEWAN HEALTH INFORMATION NETWORK
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2002

1. Description of Business

The Saskatchewan Health Information Network (SHIN) was established as a Treasury Board Crown Corporation by Order in Council 581/1997 under the provisions of *The Crown Corporations Act, 1993* (Act) effective August 19, 1997.

SHIN was created to design, implement, own, operate, and manage a Saskatchewan Health Information Network. SHIN's purpose is to foster the development of the health information technology sector, to foster re-engineering of health delivery processes and to protect health information as a strategic resource.

2. Significant Accounting Policies

These financial statements are prepared using Canadian accounting principles appropriate for the public sector and reflect the following significant accounting principles.

a) The Basis of Accounting

The financial statements are prepared on the accrual basis of accounting.

b) Revenue

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues.

c) Expenses

Expenses represent the cost of resources consumed during the year for operations. Expenses include provision for the amortization of tangible capital assets.

d) Tangible Capital Assets

Tangible capital assets are recorded at cost and are amortized over their useful life. Amortization is recorded, commencing with the quarter after the assets are placed into service, on a straight-line basis over their estimated useful lives as follows:

• Desktop Computer Hardware	3 years
• Computer Software	3 years
• Network Hardware, Software & System Development Costs	5 years
• Office Equipment	5 years
• Office Furniture	10 years

e) Net increase in tangible capital assets

The net increase in tangible capital assets represents adjustments required to report the surplus (deficit) for the year on an expenditure basis.

3. Due from the General Revenue Fund

SHIN's bank account is included in the Consolidated Offset Bank Concentration arrangement for the Government of Saskatchewan.

Earned interest is calculated and paid by the General Revenue Fund on a quarterly basis into the Corporation's bank account using the Government's thirty-day borrowing rate and SHIN's average daily account balance.

4. Maintenance Agreements for Software

SHIN has several agreements with software vendors to provide maintenance for software that that has been purchased by SHIN. The following amounts are committed for the following year and will likely continue into the future:

Momentum Healthware - $130,000
Eclipsys - $249,000
Quoradx - $27,000
Entrust - $18,000
Computer Associates - $80,000

5. Agreement with SaskTel:

On July 31, 2000, SHIN entered into a five year Master Service Agreement (MSA) with SaskTel to provide Data Centre Services. Under this agreement SaskTel houses and operates SHIN's Data Centre equipment. The committed costs related to Data Centre Services are $21,300 per month.

The equipment in the data centre is purchased by SaskTel and leased to SHIN. SHIN has recorded these as capital leases in its financial statements.

Upon inception of the lease, SaskTel purchased existing data centre equipment from SHIN and entered into a sales-lease-back arrangement. The net book value of the equipment transferred was $133,000. SaskTel is reducing the amount of SHIN's lease by $2212 over 60 months to reflect the purchase of this equipment from SHIN. This has been included in the financial statements as a receivable from SaskTel.

The following leases for computer equipment are in effect, which expire concurrent with the MSA on July 31, 2005:

A 41 month lease with monthly payments of $450
A 52 month lease with monthly payments of $3222
A 54 month lease with monthly payments of $2179
A 56 month lease with monthly payments of $2236
A 55 month lease with monthly payments of $1174
A 60 month lease with monthly payments of $2212

Minimum annual payments under leases on property and equipment over the next 5 years are as follows:

2003	$ 137,676
2004	137,676
2005	137,676
2006	54,122
Total Minimum Lease Payments	467,150
Less Amount Representing Interest: (at 9.5% interest)	65,375
Balance of the Obligation	$401,775

6. Related Parties

These financial statements include transactions with related parties. SHIN is related to all Saskatchewan Crown agencies such as departments, corporations, boards and commissions under the common control of the Government of Saskatchewan.

Routine operating transactions with related parties are recorded at the rates charged by those organizations and are settled on normal trade terms. In addition, SHIN pays Provincial Sales Tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and the notes thereto.

7. Financial Instruments

SHIN's financial instruments include due from the General Revenue Fund, accounts receivable, long-term note receivable, and accounts payable. The carrying amount of these instruments approximates fair value due. These instruments have no interest or credit risk.

8. Lease Arrangements

SHIN has several leases on property and equipment. The minimum annual lease payments for capital leases over the next four years.

Capital leases:	
2003	$ 73,200
2004	67,549
2005	33,467
2006	2,065
Total Minimum Lease Payments	176,281
Less Amount Representing Interest: (rates vary between 7.8% and 11%)	21,860
Balance of the Obligation	$154,421

SHIN has entered into several 36-month lease agreements for network equipment for the CommunityNet initiative. The minimum annual lease payments for these capital leases are as follows:

Capital leases:	
2003	$222,589
2004	222,589
2005	87,692
Total Minimum Lease Payments	532,870
Less Amount Representing Interest: (rates vary between 6.5% and 8%)	47,391
Balance of the Obligation	$485,479

Operating leases:

SHIN has entered into a lease arrangement with Saskatchewan Opportunities Corporation, a related party, for office space. The operating lease payments over the next 2 years are as follows:

2003	$151,183
2004	151,183
Total Lease Payments	$302,366

SHIN also has an obligation to Saskatchewan Opportunities Corporation totaling $162,000 for leasehold improvements.

9. Deferred Revenue

SHIN received $450,000 from Saskatchewan Health to work on an early childhood development project.

10. Comparative Information

Certain 2000-2001 balances have been re-classified to conform with the current year's presentation.

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the St. Louis Alcoholism Rehabilitation Centre Inc. as at March 31, 2002 and the statements of operations, cash flows, and changes in net assets for the year then ended. The Centre's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the St. Louis Alcoholism Rehabilitation Centre Inc. as at March 31, 2002 and the results of its operations, cash flows and changes in net assets for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan	Fred Wendel, CMA, CA
June 5, 2002	Provincial Auditor

Statement 1

ST. LOUIS ALCOHOLISM REHABILITATION CENTRE INC.
STATEMENT OF FINANCIAL POSITION
As at March 31

	2002	2001
ASSETS		
Current Assets		
Cash	$ 19,743	$ 11,152
Restricted cash (Note 5(b))	20,000	20,000
Accounts receivable	2,629	2,682
Inventory, at cost	8,439	7,591
Total current assets	50,811	41,425
Capital assets (note 6)	78,544	77,992
	$ 129,355	$ 119,417
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued charges	$ 8,532	$ 6,072
Due to Saskatchewan Health (Note 11)	10,657	554
Total current liabilities	19,189	6,626
Net Assets (note 5)		
Net assets invested in capital assets	78,544	77,992
Net assets externally restricted (Note 5(b))		
- Equipment and furnishings reserve	20,000	20,000
Unrestricted net assets	11,622	14,799
Total net assets (statement 4)	110,166	112,791
	$ 129,355	$ 119,417

(See accompanying notes to the financial statements)

Statement 2

ST. LOUIS ALCOHOLISM REHABILITATION CENTRE INC.
STATEMENT OF OPERATIONS
Year Ended March 31

	2002		2001
	Budget (note 12)	Actual	Actual
Revenue			
General Revenue Fund - Saskatchewan Health	$ 720,892	$ 710,789	$ 700,744
Interest	—	459	840
Miscellaneous	—	7,627	6,317
	720,892	718,875	707,901
Expenses			
Salaries and employee benefits	537,153	529,623	506,869
Food	50,000	46,980	51,039
Utilities	46,000	46,757	42,112
Rent (note 3)	24,000	24,000	30,000
Building maintenance	12,000	10,820	12,786
Amortization of capital assets	—	21,621	10,360
Contractual services	11,000	11,168	9,182
Miscellaneous	5,500	5,240	6,976
Printing, postage and office supplies	9,000	6,050	5,499
Insurance	4,643	4,643	4,583
Furniture and equipment rental	—	3,654	4,041
Staff training and travel	6,000	1,230	3,823
Board honoraria and expenses	6,000	2,160	3,687
Vehicle expenses	4,000	3,565	3,184
Professional services	5,596	1,028	—
Loss on disposal of assets	—	2,961	422
	720,892	721,500	694,563
(Deficiency) excess of revenue over expenses (statement 4)	$ —	$ (2,625)	$ 13,338

(See accompanying notes to the financial statements)

Statement 3

ST. LOUIS ALCOHOLISM REHABILITATION CENTRE INC.
STATEMENT OF CASH FLOWS
Year Ended March 31

	2002	2001
Cash from operating activities		
(Deficiency) excess of revenue over expenses	$ (2,625)	$ 13,338
Amortization of capital assets	21,621	10,360
Loss on disposal of capital assets	2,961	422
Net change in non-cash working capital balances related to operations (note 7)	11,768	7,722
Net cash from operating activities	33,725	31,842
Investing activities		
Proceeds on disposal of assets	3,000	—
Acquisition of capital assets	(28,134)	(25,426)
Net cash used in investing activities	(25,134)	(25,426)
Net increase in cash	8,591	6,416
Cash, beginning of year	31,152	24,736
Cash, end of year	$ 39,743	$ 31,152
Cash consists of:		
Cash	19,743	11,152
Restricted Cash	20,000	20,000
Total Cash	$ 39,743	$ 31,152

(See accompanying notes to the financial statements)

Statement 4

ST. LOUIS ALCOHOLISM REHABILITATION CENTRE INC.
STATEMENT OF CHANGES IN NET ASSETS
Year Ended March 31

	2002				2001
	Invested in Capital Assets	Restricted for Equipment & Furnishing Reserve	Unrestricted	Total	Total
Balance, beginning of year	$ 77,992	$ 20,000	$ 14,799	$ 112,791	$ 99,453
(Deficiency) excess of revenue over expenses (statement 2)	(27,582)	—	24,957	(2,625)	13,338
Investment in capital assets	28,134	—	(28,134)	—	—
Balance, end of year	$ 78,544	$ 20,000	$ 11,622	$ 110,166	$ 112,791

(See accompanying notes to the financial statements)

ST. LOUIS ALCOHOLISM REHABILITATION CENTRE INC.
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2002

1. Authority

Pursuant to Section 85 of *The Public Health Act*, a board of governors was established on February 1, 1979 to operate an alcoholism rehabilitation hospital to be known as the St. Louis Alcoholism Rehabilitation Centre Inc. (the Centre). The Centre commenced operations on October 1, 1979. The Centre was incorporated and registered under *The Non-Profit Corporations Act*, 1995 on July 29, 1999.

2. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

a) Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the reporting period. Actual results could differ from these estimates.

b) Capital Assets

Capital assets are recorded at cost. Normal maintenance and repairs are expensed as incurred. Capital assets are amortized on a straight-line basis over their estimated useful lives (5 to 20 years). Assets costing less than $200 are expensed in the current year.

c) Revenue

Revenue includes contributions from General Revenue Fund - Saskatchewan Health. Amounts are included in revenue in the year in which they are received or receivable.

d) Inventory

Inventories consist of food and maintenance items. They are valued at cost. Cost is determined by using the first in, first out method.

3. Commitments

a) Operating Lease

The Centre's land and buildings have been leased for a period of three years to March 31, 2004 at a cost of $24,000 per year.

4. Other Activities

The Centre's canteen provides miscellaneous items to staff and clients. It is operated by staff of the Centre on a volunteer basis and does not form part of the Centre's operations. Canteen profits and any client donations received are used to purchase recreation equipment for the use of clients. The total cash held by the Centre as at March 31, 2002 was $13,615 (2001- $15,159).

The Centre also holds funds in safekeeping for clients during their stay at the Centre. These funds kept at the Centre are minimal and do not earn interest.

The above activities are not reflected in these financial statements.

5. Net Assets

a) Unrestricted Net Assets

This represents advances received from Saskatchewan Health (a related party) and is reduced by: amounts required to pay expenses and amounts recovered by Saskatchewan Health as set out by the Health Reserve Policy and Financial Reporting Guide.

b) Externally Restricted for Equipment and Furnishing Reserve

The Health Reserve Policy and Financial Reporting Guide allows the Centre to annually retain a surplus from operations to a maximum of $20,000 provided the amounts are transferred to the Equipment and Furnishing Reserve. The maximum of $20,000 may be exceeded with approval from Saskatchewan Health.

6. Capital Assets

	2002			2001		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Furniture & equipment	$ 133,454	$ 69,819	$ 63,635	$ 121,611	$ 65,982	$ 55,629
Leasehold improvements	22,363	7,454	14,909	22,363	—	22,363
	$ 155,817	$ 77,273	$ 78,544	$ 143,974	$ 65,982	$ 77,992

7. Non-Cash Working Capital Changes

	2002	2001
Decrease (increase) in accounts receivable	$ 53	$ (158)
(Increase) decrease in inventory	(848)	5,990
Increase in accounts payable and accrued charges	2,460	1,890
Increase in due to Saskatchewan Health	10,103	—
	$ 11,768	$ 7,722

8. Financial Instruments

Financial instruments consist of:

Cash
Accounts receivable
Accounts payable

- there are no significant terms and conditions related to the financial instruments that may affect the amount, timing and certainty of future cash flows, therefore the Centre does not face interest rate risk.
- the Centre is exposed to minimal credit risk as most of the Centre's receivables are from provincial and federal governments.
- the carrying values of the financial instruments approximate their fair value due to their immediate or short-term nature.

9. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies, boards and commissions related to the Centre by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan (collectively referred to as "related parties").

The Centre's related party transactions are in the normal course of operations. These transactions are recorded at exchange amounts agreed to by the related parties and amount to $49,602 (2001- $46,416) for the year ended March 31, 2002.

10. Pension Plan

The Centre participates in the Public Employees Pension Plan which is a defined contribution plan. The Centre's financial obligation to the Plan is limited to making regular payments to match the amounts contributed by employees for current service. The Centre's pension expense for 2002 amounts to $19,433 (2001 - $19,447) and is included in Salaries and employee benefits.

11. Due to Saskatchewan Health

This represents amounts unspent in excess of $20,000 by the Centre during the year. This amount is recoverable by Saskatchewan Health as set out in their Health Reserve Policy and Financial Reporting Guide.

12. Budget

These amounts represent the budget approved by the Centre's Board of Governors.

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the balance sheet of the Commercial Revolving Fund as at March 31, 2002 and the statements of operations and accumulated operating surplus/(deficit), and changes in accumulated net expenditure/(recovery) for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
June 13, 2002

Fred Wendel, CMA, CA
Provincial Auditor

Statement 1

COMMERCIAL REVOLVING FUND
BALANCE SHEET
As at March 31

	2002	2001
ASSETS		
Current Assets:		
Leases receivable (Note 9)	$ 281,298	$ 286,322
Inventories	175,688	177,672
	456,986	463,994
Capital assets (Note 5)	1,170,931	987,699
	$ 1,627,917	$ 1,451,693
LIABILITIES AND FUND EQUITY		
Current liabilities:		
Accounts payable (Note 9)	$ 427,675	$ 709,852
Non-current liabilities:		
Accumulated net expenditure (Statement 3 and Note 9)	1,190,393	632,309
Fund equity:		
Accumulated operating surplus/(deficit) (Statement 2)	9,849	109,532
	$ 1,627,917	$ 1,451,693

(See accompanying notes to the financial statements)

Statement 2

COMMERCIAL REVOLVING FUND

STATEMENT OF OPERATIONS AND ACCUMULATED OPERATING SURPLUS/(DEFICIT)

For the Year Ended March 31

	2002		2001
	Budget	Actual	Actual
Revenues:	(Note 8)		
Camping	$ 3,493,000	$ 3,795,016	$ 3,515,578
Entry	1,756,000	1,871,086	1,763,504
Cottage leases	1,530,000	1,554,071	1,541,899
Resource management leases	517,000	756,498	720,688
Other	499,000	387,744	418,355
Swimming & accommodation	374,000	438,088	437,055
Commercial leases	395,000	430,285	405,251
Gain on disposal of capital assets	1,000	1,558	6,967
	8,565,000	9,234,346	8,809,297
Expenses:			
Salaries and benefits	9,150,000	9,310,107	8,813,415
Contractual services	2,088,000	2,372,118	2,138,421
Supplies and service	1,466,000	1,290,973	1,356,518
Travel and business	894,000	1,125,094	941,924
Amortization	300,000	255,010	278,517
Communication	193,000	188,012	204,617
Bad debt	—	159,877	—
Bank charges	58,000	55,956	58,392
Maps, manuals, and miscellaneous items	30,000	40,413	28,755
Tools and office supplies	68,000	23,289	68,110
Other	6,000	7,070	6,355
	14,253,000	14,827,919	13,895,024
Loss from operations	(5,688,000)	(5,593,573)	(5,085,727)
Subsidy from General Revenue Fund	5,688,000	5,493,890	5,189,000
Net (loss) income (Note 10)	$ —	(99,683)	103,273
Accumulated operating surplus/(deficit), beginning of year		109,532	6,259
Accumulated operating surplus/(deficit), end of year - to Statement 1		$ 9,849	$ 109,532

(See accompanying notes to the financial statements)

Statement 3

COMMERCIAL REVOLVING FUND

STATEMENT OF CHANGES IN ACCUMULATED NET EXPENDITURE/(RECOVERY)

For the Year Ended March 31

	2002	2001
Financing (provided by)/required for operating activities:		
Net loss (income)	$ 99,683	$ (103,273)
Items not affecting working capital		
- amortization	(255,010)	(278,517)
- gain on disposal of capital assets	1,558	6,967
Net increase in working capital items related to operations (Note 6)	275,169	316,347
Net financing required for operating activities	121,400	(58,476)
Financing (provided by)/required for investing activities:		
Purchase of capital assets	440,648	302,157
Proceeds from sale of capital assets	(3,964)	(9,052)
Net financing required for investing activities	436,684	293,105
Net increase in financing requirement	558,084	234,629
Accumulated net expenditure, beginning of year	632,309	397,680
Accumulated net expenditure, end of year - to Statement 1	$ 1,190,393	$ 632,309

(See accompanying notes to the financial statements)

COMMERCIAL REVOLVING FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2002

1. Authority and Definition of Reporting Entity

The Revolving Fund operates under the authority of Section 18 of *The Natural Resources Act*. The purpose of the Revolving Fund is to conduct commercial activities required for the promotion, development and management of provincial parks. The Department of Environment and Resource Management (now called the Department of Environment) administers the Revolving Fund.

2. Significant Accounting Policies

The financial statements are prepared using Canadian generally accepted accounting principles. These financial statements do not present a cash flow statement because the required cash flow information is readily apparent from the Statement of Changes in Accumulated Net Expenditure and Note 6. The following accounting policies are considered significant.

a) Net Expenditure/(Recovery)

The net expenditure/(recovery) is the cash flow from/(to) the General Revenue Fund. It represents the total annual financing requirements resulting from net capital acquisitions, working capital changes and net cash flows from operations.

b) Accumulated Net Expenditure/(Recovery)

The accumulated net expenditure/(recovery) of the Revolving Fund includes the following:

i) the net expenditure/(recovery) for each fiscal year; and

ii) the book value of assets acquired at no charge from another government agency.

c) Inventories

Inventories consist of maps, wildlife manual, pins, and other miscellaneous items and are valued at the lower of average cost and net realizable value.

d) Capital Assets

Individual capital assets costing more than $500 are capitalized. Amortization commences in the first year of acquisition and is calculated on the straight-line basis over the useful life of the asset. Annual amortization rates are from 5% to 33% for equipment and 10% for furnishings.

3. Authorized Financing

Section 18(10) of *The Natural Resources Act* specifies that the maximum accumulated net expenditure, which may be outstanding at any time, will be set by order of the Lieutenant Governor in Council. A maximum amount of $4,000,000 was established by Order in Council 516/94.

4. Accumulated Operating Surplus/(Deficit)

Treasury Board controls the operations of the Revolving Fund, in part by monitoring the amount of its accumulated operating surplus/(deficit). If the amount falls above or below the limit specified by Treasury Board, management is responsible to present a plan to address the excess surplus/(deficit) for approval by Treasury Board. A plan may include, but is not limited to, payment of excess surpluses to, or request for additional funding from, the General Revenue Fund. Treasury Board has specified the limit for the accumulated operating surplus/(deficit) as $350,000.

5. Capital Assets

	2002			2001
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Equipment	$ 6,775,426	$ 5,668,603	$ 1,106,823	$ 938,830
Furniture and Fixtures	387,745	323,637	64,108	48,869
	$ 7,163,171	$ 5,992,240	$ 1,170,931	$ 987,699

6. Net Change in Working Capital Items Related to Operations

	2002	2001
(Decrease) in leases receivable	$ (5,024)	$ (944)
(Decrease)/increase in inventories	(1,984)	20,537
Decrease in accounts payable	282,177	296,754
	$ 275,169	$ 316,347

7. Related Party Transactions

These financial statements include transactions with related parties. The Revolving Fund is related to all Saskatchewan Crown agencies such as departments, corporations, boards and commissions under the common control of the Government of Saskatchewan. Also, the Revolving Fund is related to non-Crown enterprises that the Government jointly controls or significantly influences.

Routine operating transactions with related parties are recorded at agreed upon rates and settled on normal trade terms. These transactions at year end are as follows:

Category	2002	2001
Contractual services	$ 1,376,107	$ 12,438
Travel and business	809,880	740,013
Supplies and service	82,248	808,670
Communication	3,673	162
Tools and office supplies	264	517
Bank charges	307	0
Capital assets	47,659	25,629
Accounts payable	46,195	50,130

In addition, the Revolving Fund pays Provincial Sales Tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

Other transactions, with related parties, and amounts due to/from them are described separately in the financial statements and the notes thereto.

The Department of Environment and Resource Management is responsible for the acquisition of land for provincial parks. Therefore, land is not reflected in these financial statements. However, in accordance with *The Natural Resources Act* the Revolving Fund is credited with all rents and fees with respect to land.

In accordance with established government policy, the Revolving Fund has not been charged with certain costs including occupancy, financing and certain administrative costs. These costs have been absorbed by the departmental appropriations and therefore no provision for such costs is reflected in these financial statements.

8. Budget

These amounts are included in the budget submitted to Treasury Board for approval. Treasury Board approves the Revolving Fund's budget annually.

9. Financial Instruments

The Revolving Fund's financial instruments include leases receivable and accounts payable. Due to their immediate or short-term maturity, the fair value of these instruments approximates their carrying value.

The fair value of the accumulated net expenditure has not been provided because it is not practicable to determine the fair value with sufficient reliability.

The Revolving Fund is exposed to minimal credit risk from the potential non-payment of leases receivable. Most receivables were received subsequent to year end.

10. Amount Reported in Public Accounts

The net (expenditure)/recovery of the Revolving Fund reported in Public Accounts is the net income/(loss) of the Revolving Fund adjusted for the following differences in accounting policies and other adjustments between the Revolving Fund and the General Revenue Fund:

	2002	2001
Net (loss) income	$ (99,683)	$ 103,273
Decrease/(increase) in inventory	1,984	(20,537)
(Increase) in net book value of capital assets	(183,232)	(21,555)
Amounts not included in Public Accounts due to timing	159,838	—
Net (expenditure)/recovery reported in Public Accounts	$ (121,093)	$ 61,181

11. Comparative Figures

Certain comparative figures have been restated to conform to the current year's financial statement presentation.

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the balance sheet of the Correctional Facilities Industries Revolving Fund as at March 31, 2002 and the statements of operations and accumulated operating deficit and changes in accumulated net expenditure for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2002 and the results of its operations and the changes in its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
June 12, 2002

Fred Wendel, CMA, CA
Provincial Auditor

Statement 1

CORRECTIONAL FACILITIES INDUSTRIES REVOLVING FUND
BALANCE SHEET
AS AT MARCH 31

	2002	2001
ASSETS		
Current assets:		
Accounts receivable	$ 153,552	$ 431,503
Inventory	210,055	182,983
	363,607	614,486
Capital assets (Note 5)	121,322	84,054
	$ 484,929	$ 698,540
LIABILITIES AND FUND EQUITY		
Current liabilities:		
Accounts payable	$ 36,327	$ 152,235
Accumulated net expenditure (Statement 3)	597,707	637,041
Fund equity:		
Accumulated operating deficit (Statement 2)	(149,105)	(90,736)
	$ 484,929	$ 698,540

(See accompanying notes to the financial statements)

Statement 2

CORRECTIONAL FACILITIES INDUSTRIES REVOLVING FUND
STATEMENT OF OPERATIONS AND ACCUMULATED OPERATING DEFICIT FOR THE YEAR ENDED MARCH 31

	2002		2001
	Budget (Note 10)	Actual	Actual
Sales	$ 1,145,000	$ 723,473	$ 1,020,908
Cost of goods sold (Note 6)	933,520	630,966	807,170
Gross profit	211,480	92,507	213,738
Operating expenses:			
Salaries	242,650	267,885	237,646
Inmate assessment	20,500	19,019	18,976
Travel	13,850	10,965	9,987
Miscellaneous	6,850	3,655	5,292
Repairs and maintenance	4,700	464	547
Amortization	4,415	752	3,002
Office supplies	3,650	1,889	2,419
Bad debts/allowance	3,230	15,550	49,601
Delivery	2,250	333	1,063
Returns	1,600	3,941	802
Advertising	100	620	834
Inventory Write-down	—	—	42,589
	303,795	325,073	372,758
Net (loss) from operations	(92,315)	(232,566)	(159,020)
Other income	25,000	32,197	—
Subsidy from General Revenue Fund (Note 4)	142,000	142,000	142,000
Net (loss) income	$ 74,685	(58,369)	(17,020)
Accumulated operating deficit, beginning of year		(90,736)	(73,716)
Accumulated operating deficit, end of year - to Statement 1		$ (149,105)	$ (90,736)

(See accompanying notes to the financial statements)

Statement 3

CORRECTIONAL FACILITIES INDUSTRIES REVOLVING FUND
STATEMENT OF CHANGES IN ACCUMULATED NET EXPENDITURE
FOR THE YEAR ENDED MARCH 31

	2002	2001
Financing (provided by) required for operating activities:		
Net loss	$ 58,369	$ 17,020
Items not affecting working capital		
- amortization	(28,491)	(32,492)
- (loss) on disposal of capital assets	(25)	—
Working capital changes related to operations		
Increase (decrease) in accounts receivable	(277,951)	256,249
Increase (decrease) in inventories	27,072	(9,346)
(Increase) decrease in accounts payable	115,908	(111,182)
	(105,118)	120,249
Financing (provided by) required for investing activities:		
Purchase of capital assets	65,784	14,519
Net expenditure/(recovery)	(39,334)	134,768
Accumulated net expenditure, beginning of year	637,041	502,273
Accumulated net expenditure, end of year - to Statement 1	$ 597,707	$ 637,041

(See accompanying notes to the financial statements)

CORRECTIONAL FACILITIES INDUSTRIES REVOLVING FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2002

1. Authority and Definition of Reporting Entity

The Revolving Fund operates under the authority of Section 53 of *The Correctional Services Act*. The purpose of the Revolving Fund is to rehabilitate inmates by operating work programs intended to provide practical and marketable work skills for inmates and to reduce the costs of inmate programming.

2. Accounting Policies

The financial statements are prepared using Canadian generally accepted accounting principles. These financial statements do not present a cash flow statement because the required cash flow information is readily apparent from the Statement of Changes in Accumulated Net Expenditure. The following accounting policies are considered significant:

a) Revenue Recognition

The financial statements recognize revenue from long-term contracts proportionately with the degree of completion of goods under a contract.

b) Net Expenditure/(Recovery)

The net expenditure/(recovery) is the cash flow from/(to) the General Revenue Fund. It represents the total annual financing requirements resulting from the acquisitions, working capital changes and net cash flows from operations.

c) Accumulated Net Expenditure

The accumulated net expenditure of the Revolving Fund includes the following:

i) the net expenditure/(recovery) for each fiscal year, and

ii) the book value of assets acquired at no charge from other government agencies.

d) Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined by using the first in, first out method.

e) Capital Assets

Capital assets are recorded at cost. The cost and related accumulated amortization of items retired or disposed of are removed from the records and any gains or losses are included in the statement of operations.

Amortization is calculated on the straight-line basis at an annual rate of 10% for equipment and leasehold improvements and on a diminishing balance basis at an annual rate of 30% for tools and other assets.

Computer equipment is amortized on a straight-line basis over 3 years.

3. Authorized Financing

Subsection 53 (10) of *The Correctional Services Act* specifies that the maximum amount of accumulated net expenditure which may be outstanding at any time will be set by order of the Lieutenant Governor in Council. A maximum amount of $900,000 was established by Order in Council 816/89.

4. Disposition of Accumulated Operating Surplus or Deficit

Treasury Board controls the operations of the Revolving Fund, in part by monitoring the amount of its accumulated operating surplus/deficit. If the amount falls above or below the limit specified by Treasury Board, management is responsible to present a plan to address the excess surplus/deficit for approval by Treasury Board. Plans may include, but are not limited to, payment of excess surpluses to, or requests for additional funding from, the General Revenue Fund. The limit for the Correctional Facilities Industries Revolving Fund is $100,000.

5. Capital Assets

	2002			2001		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Equipment	$ 318,956	$ 222,363	$ 96,593	$ 266,419	$ 199,880	$ 66,539
Leasehold Improvements	80,164	65,441	14,723	70,269	63,985	6,284
Tools	61,239	52,972	8,267	58,814	50,582	8,232
Computer	12,416	11,890	526	12,416	11,132	1,284
Other	14,190	12,977	1,213	14,190	12,475	1,715
	$ 486,965	$ 365,643	$ 121,322	$ 422,108	$ 338,054	$ 84,054

6. Cost of Goods Sold

Cost of goods sold consists of the following:

	2002	2001
Materials	$ 250,741	$ 384,112
Staff salaries	196,326	208,001
Inmate incentive	63,123	73,041
Inmate labour	36,653	39,807
Shop expense	32,852	39,257
Amortization	27,739	29,490
Supplies	21,523	29,734
Small tools	2,009	3,728
	$ 630,966	$ 807,170

7. Amount Reported in the Public Accounts

The net expenditure/(recovery) of the Revolving Fund reported in Public Accounts is the net income of the Revolving Fund adjusted for differences in accounting policies and other adjustments between the Revolving Fund and the General Revenue Fund:

	2002	2001
Net loss	$ 58,369	$ 17,020
Increase (decrease) in inventory balance	27,072	(9,346)
Increase (decrease) in net capital assets	37,268	(17,973)
Amounts not included in Public Accounts due to timing	(24,977)	5,497
Net expenditure/(recovery) reported in the Public Accounts	$ 97,732	$ (4,802)

8. Related Parties

These financial statements include transactions with related parties. The Revolving Fund is related to all Saskatchewan Crown agencies such as departments, corporations, agencies, boards and commissions under the common control of the Government of Saskatchewan. Also, the Revolving Fund is related to enterprises that the Government jointly controls or significantly influences.

Routine operating transactions with related parties are settled on normal trade terms. These transactions, and amounts outstanding, at year end are as follows:

	2002	2001
Revenue	$ 128,348	$ 518,222
Accounts receivable	8,656	340,877

In addition, the Fund pays Provincial Sales Tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and notes thereto.

In accordance with established government policy, the Fund has not been charged with certain costs including occupancy, financing and certain administrative costs. These costs have been absorbed by the various departmental appropriations and therefore no provision for such costs is reflected in these financial statements.

9. Financial Instruments

The Revolving Fund's financial instruments consist of accounts receivable, accounts payable and accumulated net expenditure.

a) Significant terms and conditions

There are no significant terms and conditions related to the financial instruments that may affect the amount, timing and certainty of future cash flows.

b) Credit risk

The Revolving Fund is exposed to credit risk from the potential non-payment of accounts receivable.

c) Fair value

The carrying amounts approximate fair value due to their immediate or short-term nature. The fair value of the accumulated net expenditure has been omitted because it is not practicable to determine the fair value with sufficient reliability.

10. Budget

These amounts are included in the budget submitted to Treasury Board for approval. Treasury Board approves the Revolving Fund's budget annually.

11. Contingency

The Government of Saskatchewan has been served a Statement of Claim regarding the manufacture of a play structure. An estimate of the extent of damages cannot be made.

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the balance sheet of the Highways Revolving Fund as at March 31, 2002 and the statements of operations and accumulated operating surplus/deficit and changes in accumulated net expenditure for the year then ended. The Revolving Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Revolving Fund as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
July 10, 2002

Fred Wendel, CMA, CA
Provincial Auditor

Statement 1

HIGHWAYS REVOLVING FUND
BALANCE SHEET
As At March 31

	2002	2001
ASSETS		
Current:		
Accounts receivable	$ 3,040,680	$ 3,085,306
Inventories	2,970,202	3,656,695
	6,010,882	6,742,001
Non-current:		
Construction, maintenance and other equipment (Note 5)	49,752,693	47,381,185
Capital lease vehicles (Note 6)	1,984,702	1,407,079
	51,737,395	48,788,264
	$ 57,748,277	$ 55,530,265
LIABILITIES AND FUND EQUITY		
Current liabilities:		
Accounts payable	$ 1,788,534	$ 3,473,184
Current portion of obligation under capital leases (Note 7)	581,046	690,119
	2,369,580	4,163,303
Non-current liabilities:		
Long-term obligation under capital leases (Note 7)	1,678,086	829,373
Accumulated net expenditure (Statement 3)	53,171,048	49,566,766
	54,849,134	50,396,139
Fund equity:		
Accumulated operating surplus (Statement 2)	529,563	970,823
	$ 57,748,277	$ 55,530,265

(See accompanying notes to the financial statements)

Statement 2

HIGHWAYS REVOLVING FUND
STATEMENT OF OPERATIONS AND ACCUMULATED OPERATING SURPLUS/DEFICIT
For the Year Ended March 31

	2002		2001
	Budget (Note 11)	Actual	Actual
Revenue:			
Equipment Rental	$ 20,986,000	$ 20,631,155	$ 22,315,797
Custom Work and Other	4,315,000	6,387,223	5,273,895
Store Sales & Labour	1,800,000	2,828,688	2,311,650
Total revenue	$ 27,101,000	$ 29,847,066	$ 29,901,342
Expenses:			
Repair	$ 4,735,000	$ 5,496,756	$ 4,959,075
Operating	6,715,000	5,865,295	6,299,757
Amortization	4,210,000	4,296,845	4,636,717
Custom Work	4,166,000	6,156,626	5,167,866
Store Sales & Labour	1,800,000	2,799,075	2,337,062
Direct Overheads	3,659,000	3,709,825	3,503,645
Direct expenses	$ 25,285,000	$ 28,324,422	$ 26,904,122
Gross margin	$ 1,816,000	$ 1,522,644	$ 2,997,220
General Overheads	$ 1,566,000	$ 1,540,556	$ 1,383,459
Net (Loss) Income from operations	$ 250,000	$ (17,912)	$ 1,613,761
Loss on Sale of Equipment	(250,000)	(423,348)	(474,916)
Recovery of Prior Years' Deficits - General Revenue Fund	-	-	1,300,000
Net (Loss) Income	$ -	$ (441,260)	$ 2,438,845
Accumulated operating surplus (deficit), beginning of year	$ 970,823	$ 970,823	$ (1,468,022)
Accumulated operating surplus, end of year - to Statement 1	$ 970,823	$ 529,563	$ 970,823

(See accompanying notes to the financial statements)

Statement 3

HIGHWAYS REVOLVING FUND
STATEMENT OF CHANGES IN ACCUMULATED NET EXPENDITURE
For the Year Ended March 31

	2002	2001
Financing required for (provided by) operating activities:		
Net loss (income) after operating recovery	$ 441,260	$ (2,438,845)
Items not affecting working capital		
- amortization (Note 8)	(4,296,845)	(4,636,717)
- loss on sale of equipment	(423,348)	(474,916)
Net increase (decrease) in working capital items related to operations (Note 9)	953,531	(626,267)
	$ (3,325,402)	$ (8,176,745)
Financing required for investing activities:		
Purchase of equipment	6,811,453	6,354,913
Proceeds from sale of equipment	(518,156)	(756,033)
	$ 6,293,297	$ 5,598,880
Financing required for financing activities:		
Paydown of obligation under the capital lease	$ 636,387	$ 612,909
Net increase (decrease) in financing requirements	$ 3,604,282	$ (1,964,956)
Accumulated net expenditure, beginning of year	$ 49,566,766	$ 51,531,722
Accumulated net expenditure, end of year - to Statement 1	$ 53,171,048	$ 49,566,766

(See accompanying notes to the financial statements)

HIGHWAYS REVOLVING FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2002

1. Authority and Definition of Reporting Entity

The authority for this Revolving Fund was originally contained in Section 21 of *The Highways Act* and is continued under Section 7 of *The Department of Highways and Transportation Act, 1997*. The purpose of the Revolving Fund is to provide a system of accounting that accumulates the costs of equipment, materials and labour used in the provision of construction and maintenance services. These costs are charged back to the Department and other parties on an equitable basis.

2. Significant Accounting Policies

The financial statements are prepared in accordance with Canadian generally accepted accounting principles. These financial statements do not present a cash flow statement because the required cash flow information is readily apparent from the Statement of Changes in Accumulated Net Expenditure and Note 9. The following accounting policies are considered significant:

a) Net Expenditure/(Recovery)

The net expenditure/ (recovery) is the cash flow from/(to) the General Revenue Fund. It represents the total annual financing requirements resulting from net capital acquisitions, working capital changes and net cash flows from operations.

b) Accumulated Net Expenditure

The accumulated net expenditure of the Revolving Fund includes the following:

i) working capital advanced by the Minister of Finance as at March 31, 1982 to the Revolving Fund;

ii) the net expenditure/(recovery) for each fiscal year thereafter; and

iii) the book value of assets acquired at no charge from another government agency.

c) Inventories

Inventories are valued at the lower of original cost, as calculated on a moving average basis for each shop, and net realizable value.

d) Amortization

i) Power Equipment

Construction and maintenance equipment over $500 is amortized on a unit of use basis (hours). The amortization rate per hour of use for each item is calculated to allocate the capital cost of that item, less residual value, over the life expectancy of the asset.

Tractors	3,000 to 10,400 hours
Motor Graders	14,000 to 18,000 hours
Heavy Trucks	3,750 to 15,000 hours
Trailers	2,000 to 12,000 hours
Construction Equipment	2,000 to 16,000 hours

ii) Computer Systems

System Development costs over $500 are amortized on a straight-line basis at the rate of 20% per year.

iii) Computer Equipment

Computer Equipment over $500 is amortized on a straight-line basis at the rate of 25% per year.

iv) Capital Lease Vehicles

Capital lease vehicles are amortized on a straight-line basis over the term of the lease. The typical lease term for these units is 6 years. Major additions or modifications made to motor vehicle units leased from the SPMC (a related party) are treated as capital cost additions. Amortization on capital cost additions is calculated on a straight-line basis over the remaining term of the lease for that unit.

v) Other

Salt storage bins are amortized on a straight-line basis at a rate of 5% per year.

For all other sundry, survey, repair shop, office equipment and furniture, amortization is calculated as follows:

- Items costing $500 or more are amortized on the straight-line basis at a rate of 10% per year.

e) Sales

Sales of the Revolving Fund include the following:

i) Equipment Rental Revenue

The rental rates charged by the Revolving Fund for use of its construction and maintenance equipment are calculated to recover the following Revolving Fund costs:

- amortization
- repair and overhaul
- operating costs of fuel, oil and licence registration and insurance fees; and
- administration costs of the stores and repair depots and Revolving Fund office.

Each of the foregoing components of the rental rate is reviewed annually, revised as required, and approved by Treasury Board.

ii) Custom Work and Other Revenue

The Revolving Fund uses the percentage of completion method to recognize construction revenue on custom work.

For the 2001-2002 fiscal year, other revenues amount to $57,357 and custom work revenues is $6,329,866.

iii) Store Sales and Labour

Store Sales and Labour rates are calculated to recover the Revolving Fund's direct costs. All sales are to the Department of Highways and Transportation.

f) Surcharges

Surcharges levied by the Revolving Fund pursuant to Treasury Board directives are required to be returned to the General Revenue Fund. Any unremitted surcharges are recorded as a liability.

g) Capital Lease Vehicles

Vehicles taken on lease terms which transfer substantially all of the benefits and risks of ownership to the Revolving Fund are accounted for as capital leases.

3. Authorized Financing

Subsection 7(6) of *The Department of Highways and Transportation Act, 1997* specifies that the maximum amount of accumulated net expenditure which may be outstanding at any time will be set by order of the Lieutenant Governor in Council. A maximum amount of $65,000,000 was established in February 2002.

4. Disposition of Accumulated Operating Surplus or Deficit

Treasury Board controls the operations of the Revolving Fund, in part by monitoring the amount of its accumulated operating surplus/deficit. If the amount falls above or below the limit specified by Treasury Board, management is responsible to present a plan to address the excess surplus/deficit for approval by Treasury Board. Plans may include, but are not limited to, payment of excess surpluses to, or requests for additional funding from, the General Revenue Fund. The limit for the Highways Revolving Fund is $1,000,000.

5. Construction, Maintenance and Other Equipment

Details of this equipment are as follows:

	2002			2001
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Power Equipment	$77,155,565	$ 31,778,005	$ 45,377,560	$ 42,800,768
Sundry Equipment	13,802,413	10,364,278	3,438,135	3,457,836
Survey Equipment	213,858	209,156	4,702	8,227
Repair Shop Equipment	1,660,388	949,217	711,171	598,504
Office Equipment and Furniture	2,622	1,497	1,125	792
Computer System	1,100,000	880,000	220,000	440,000
Computer Software	0	0	0	2,418
Computer Equipment	0	0	0	72,640
Total Capital Assets	$ 93,934,846	$ 44,182,153	$ 49,752,693	$47,381,185

6. Capital Lease Vehicles

Details of the leased vehicles are as follows:

	2002		
	Cost	Accumulated Amortization	Net Book Value
Balance March 31, 2001	3,646,729	2,239,650	1,407,079
Add: Additions/Amortization	1,379,258	786,756	592,502
Less: Disposals	767,748	752,869	14,879
Balance March 31, 2002	4,258,239	2,273,537	1,984,702

7. Obligation under Capital Leases

The following is a schedule of future minimum lease payments under a capital lease with SPMC for non-maintenance vehicles together with the present balance of the obligation. The lease agreement effective April 1, 1987 and subsequently amended, allows vehicles to be leased for an initial term of four or six years with an annual bargain renewal option thereafter. Under the agreement, the Revolving Fund receives replacement vehicles on an ongoing basis from SPMC.

Year ended March 31:

2003	$ 844,284
2004	697,734
2005	575,699
2006	469,812
2007	351,615
2008	71,449
Total minimum lease payments	$ 3,010,593
Less: Amount representing interest at rates 8% to 11%	504,533
Executory costs	246,928
	$ 2,259,132
Less: Amount due within one year	581,046
Long term lease obligation	$ 1,678,086

Interest of $ 185,930 (2001 - $ 121,749) is included in the expenditures of 2002.

8. Expenditures

The Revolving Fund's direct expenses and general expenses are classified as follows:

	2002	2001
Operating Expenses	$18,023,989	$16,691,274
Salaries and benefits	7,109,415	6,729,275
Amortization	4,296,845	4,636,717
Other	434,729	230,315
	$ 29,864,978	$ 28,287,581

9. Net Change in Working Capital Items Related to Operations

	2002	2001
Increase/(decrease) in accounts receivable	$ (44,626)	$ (58,564)
Increase/(decrease) in inventories	(686,493)	(13,723)
Decrease/(increase) in accounts payable	1,684,650	(553,980)
	$ 953,531	$ (626,267)

10. Related Party Transactions

These financial statements include transactions with related parties. The Revolving Fund is related to all Saskatchewan Crown agencies such as departments, corporations, agencies, boards and commissions under the common control of the Government of Saskatchewan. Also, the Revolving Fund is related to non-Crown enterprises that the Government jointly controls or significantly influences.

Routine operating transactions with related parties are settled on normal trade terms. These transactions, and amounts outstanding at year-end, are as follows:

Category (as per Financial Statements)	2002	2001
Revenue (Department of Highways and Transportation)	$ 23,459,843	$ 24,627,447
Accounts Receivable (Department of Highways and Transportation)	1,889,241	1,688,181
Accounts Receivable (Transportation Partnership Fund)	0	33,053
Expenses (Various Crown Corporations)	1,280,772	1,250,678
Capital Lease Principal Payments (Saskatchewan Property Management Corporation)	36,387	612,909

In addition, the Revolving Fund pays Provincial Sales tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and the notes thereto.

In accordance with established government policy, the Revolving Fund has not been charged with certain costs including occupancy, financing, certain information system support and certain administrative costs. These costs have been absorbed by various departmental appropriations and therefore, no provision for such costs is reflected in these financial statements.

11. Budget

These amounts are included in the budget submitted to Treasury Board for approval. Treasury Board approves the Revolving Fund's budget annually.

12. Financial Instruments

The Revolving Fund's financial instruments include accounts receivable and accounts payable. Due to their immediate and short-term nature, the fair value of these instruments approximates the carrying value.

The Revolving Fund's financial instruments also include long-term obligations under capital leases. The fair value of these obligations approximates the carrying value because the implicit rate of interest inherent in the leases approximates the market rate of interest.

The fair value of the accumulated net expenditure has been omitted because it is not practicable to determine the fair value with sufficient reliability.

13. Commitments

At the year end the Revolving Fund is committed to purchasing construction and maintenance equipment and other goods and services valued at $842,578 in 2003.

14. Amount Reported in the Public Accounts

The net financing recovery/(requirement) of the Revolving Fund reported in the Public Accounts is the net income/(loss) of the Revolving Fund adjusted for the differences in accounting policies between the Revolving Fund and the General Revenue Fund

	2002	2001
Net (loss) income	$ (441,260)	$ 2,438,845
Decrease in inventory	686,493	13,723
(Increase) in construction, maintenance and other equipment	(2,371,508)	(1,279,925)
(Increase) Decrease in capital lease vehicles	(577,623)	349,033
Increase (Decrease) in obligation under capital leases	739,640	(169,264)
Balance Sheet variances between RES and Revolving Fund general ledger and amounts not included in Public Accounts due to timing	(183,083)	292,220
Net financing recovery (requirement) reported in Public Accounts	$ (2,147,341)	$ 1,644,632

15. Comparative Figures

Certain of the 2001 figures have been reclassified to conform with the current year presentation.

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the balance sheet of the Livestock Services Revolving Fund as at March 31, 2002 and the statements of operations and accumulated operating surplus, and changes in accumulated net expenditure/(recovery) for the year then ended. The Revolving Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Revolving Fund as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
June 27, 2002

Fred Wendel, CMA, CA
Provincial Auditor

Statement 1

LIVESTOCK SERVICES REVOLVING FUND
BALANCE SHEET
As at March 31

	2002	2001
ASSETS		
Current:		
Accounts receivable	$ 351,418	$ 308,796
Accumulated net recovery (Statement 3)	81,739	—
	433,157	308,796
Capital assets (Note 5)	13,601	13,743
	$ 446,758	$ 322,539
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable (Note 11)	$ 331,820	$ 214,647
Unearned revenue	5,010	7,270
	336,830	221,917
Accumulated net expenditure (Statement 3)	---	48,188
Fund equity:		
Accumulated operating surplus (Statement 2)	109,928	52,434
	$ 446,758	$ 322,539

(See accompanying notes to the financial statements)

Statement 2

LIVESTOCK SERVICES REVOLVING FUND
STATEMENT OF OPERATIONS AND ACCUMULATED OPERATING SURPLUS
Year Ended March 31

	Budget 2002 (Note 7)	Actual 2002	Actual 2001
REVENUES			
Livestock inspection fees	$ 2,230,500	$ 2,587,849	$ 2,286,779
Less commissions	44,610	48,037	43,697
Net inspection fees	2,185,890	2,539,812	2,243,082
Registered livestock brands	151,250	176,150	168,325
Livestock dealer licences	40,000	48,500	42,700
Administration fees	30,000	30,000	30,000
Other revenue	985	4,741	1,241
	2,408,125	2,799,203	2,485,348
EXPENSES			
Salaries and benefits	1,851,815	2,166,561	2,032,662
Travel	301,185	315,201	277,777
Stationery and printed forms	64,235	88,784	80,333
Telephone	72,175	69,209	69,975
Rental of office space and equipment	52,450	50,080	60,578
Amortization	14,000	5,104	42,317
Supplies and repairs	6,800	9,513	18,669
Training and general consulting	22,400	10,854	9,547
Computer hardware, software and supplies	6,900	714	7,677
Other	10,475	15,215	6,936
Uniforms and dry cleaning	10,640	8,026	6,832
Advertising and printing	3,600	2,448	5,690
	2,416,675	2,741,709	2,618,993
Net income (loss) from operations	$ (8,550)	57,494	(133,645)
Accumulated operating surplus, beginning of year		52,434	186,079
Accumulated operating surplus, end of year (Statement 1)		$ 109,928	$ 52,434

(See accompanying notes to the financial statements)

Statement 3

LIVESTOCK SERVICES REVOLVING FUND
STATEMENT OF CHANGES IN ACCUMULATED NET EXPENDITURE/(RECOVERY)
Year Ended March 31

	2002	2001
Financing required for (provided by) operating activities:		
Net (income) loss from operations	$ (57,494)	$ 133,645
Items not affecting working capital - amortization	(5,104)	(42,317)
Net (increase) in working capital items related to operations (Note 6)	(72,291)	(14,860)
	(134,889)	76,468
Financing required for investing activities:		
Purchase of capital assets	4,962	—
Net increase in financing requirements	(129,927)	76,468
Accumulated net recovery, beginning of year	48,188	(28,280)
Accumulated net expenditure/(recovery), end of year (Statement 1)	$ (81,739)	$ 48,188

(See accompanying notes to the financial statements)

LIVESTOCK SERVICES REVOLVING FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2002

1. Authority and Definition

The Livestock Services Revolving Fund was established on June 25, 1996 pursuant to Section 17.1 of *The Department of Agriculture and Food Act*. The purpose of the Revolving Fund is to operate the brand inspection program, the livestock inspection program and the livestock dealer licensing program. The Revolving Fund provides administrative services to the Cattle Marketing Deductions Fund and the Horned Cattle Fund pursuant to subsection 17.1(4)(d) of *The Department of Agriculture and Food Act*.

2. Significant Accounting Policies

The financial statements are prepared in accordance with Canadian generally accepted accounting principles. These financial statements do not present a cash flow statement because the required cash flow information is readily apparent from the Statement of Changes in Accumulated Net Expenditure/(Recovery). The following accounting policies are considered significant.

a) Net Expenditure (Recovery)

The net expenditure (recovery) is the cash flow from (to) the General Revenue Fund. It represents the total annual financing requirements from net capital acquisitions, working capital changes, and net cash flows from operations.

b) Accumulated Net Expenditure (Recovery)

The accumulated net expenditure (recovery) of the Revolving Fund includes the following:

i) the net expenditure (recovery) for each fiscal year; and

ii) the book value of assets acquired at no charge from another government agency.

c) Revenue

Inspection fees and commissions are recognized when the livestock are inspected prior to sale.

Registered livestock brands revenues are recognized when the brands are issued.

Livestock dealer license revenues are recognized when the licenses are issued.

Administration fees are recognized as revenue when the services have been provided.

d) Capital Assets and Amortization

Capital assets are recorded at cost net of accumulated amortization. The cost and related accumulated amortization of items retired or disposed of are removed from the records and any gains or losses are included in the statement of operations and accumulated operating surplus.

Amortization of capital assets is charged to operations using the straight line method at the following rates:

Computer equipment	33.3%
Office furniture	10%
Computer software	33.3%
Office equipment	20%

Assets acquired or disposed of by the Revolving Fund during the year are amortized at 50% of the above rates for the year of acquisition and disposal.

3. Authorized Financing

Subsection 17.1(12) of *The Department of Agriculture and Food Act* provides for a maximum accumulated net expenditure, which may at any time be outstanding, to be set by Order of the Lieutenant Governor in Council. Order in Council 536/97 established the maximum accumulated net expenditure of the Revolving Fund at $3,000,000.

4. Accumulated Operating Surplus/Deficit

Treasury Board controls the operations of the Revolving Fund, in part by monitoring the amount of its accumulated operating surplus/deficit. If the amount falls above or below the limit specified by Treasury Board, management is responsible to present a plan to address the excess surplus/deficit for approval by Treasury Board. A plan may include, but is not limited to, payment of excess surpluses to, or requests for additional funding from, the General Revenue Fund. Treasury Board has specified the limit for the accumulated operating surplus/deficit as $500,000.

5. Capital Assets

	2002			2001
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	$ 119,782	$ 116,488	$ 3,294	$ —
Office furniture	9,840	3,880	5,960	5,883
Computer software	8,636	8,636	—	—
Office equipment	17,568	13,221	4,347	7,860
	$ 155,826	$ 142,225	$ 13,601	$ 13,743

6. Net Change In Working Capital Items Related to Operations

	2002	2001
Increase in accounts receivable	$ 42,622	$ 36,283
(Decrease) in inventory	—	(33,330)
(Increase) in accounts payable	(117,173)	(13,643)
Decrease (increase) in unearned revenue	2,260	(4,170)
	$ (72,291)	$ (14,860)

7. Budget

These amounts are included in the Department budget submitted to Treasury Board for approval. Treasury Board approves the Revolving Fund's budget annually.

8. Related Party Transactions

These financial statements include transactions with related parties. The Revolving Fund is related to all Saskatchewan Crown agencies such as departments, corporations, agencies, boards and commissions under common control of the Government of Saskatchewan. Also, the Revolving Fund is related to non-Crown enterprises that the Government jointly controls or significantly influences.

Routine operating transactions with related parties are recorded at rates charged by those organizations and are settled on normal trade terms. The following table summarizes the routine related party transactions for the year:

	2002	2001
Financial statement category:		
Revenues	$ 30,000	$ 30,000
Expenses	233,120	207,531
Accounts payable	20,978	16,318
Accounts receivable	38,087	–

The Revolving Fund received use of certain office space and administration services from the Department without charge. In addition, the Revolving Fund pays Provincial Sales Tax to the Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of these purchases.

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and the notes thereto.

9. Amount Recorded In Public Accounts

The net expenditure of the Revolving Fund reported in the Public Accounts is the net loss of the Revolving Fund adjusted for the following differences in accounting policies between the Revolving Fund and the General Revenue Fund.

	2002	2001
Net (income) loss from operations	$ (57,494)	$ 133,645
(Decrease) in net capital assets	(142)	(42,317)
(Decrease) increase in inventory balance recorded by the Revolving Fund	—	(33,330)
Timing differences in recording revenue/expenses	(9,793)	19,278
Net (recovery) expenditure reported in the Public Accounts	$ (67,429)	$ 77,276

10. Financial Instruments

a) Significant terms and conditions

There are no significant terms and conditions related to financial instruments classified as current assets or current liabilities that affect the amount, timing, and certainty of future cash flows.

b) Credit risk

The Revolving Fund is exposed to credit risk from potential non-payment of accounts receivable. Most of the receivables were received shortly after year end reducing the credit risk.

c) Fair Value

Accounts receivable and accounts payable are non-interest bearing and are due or payable within the next year. Due to this short-term maturity, the carrying value of these financial instruments approximates fair value.

The fair value of the accumulated net recovery has been omitted because it is not practicable to determine the fair value with sufficient reliability.

11. Accounts Payable

Included in accounts payable is $96,655 related to cattle sale proceeds withheld by the Fund pending resolution of issues surrounding ownership of the cattle sold. Subsequent to the year end, this issue was resolved and the withheld sale proceeds were paid to the appropriate owner.

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the balance sheet of the Pastures Revolving Fund as at March 31, 2002 and the statements of operations and accumulated operating deficit, and changes in accumulated net expenditure for the year then ended. The Revolving Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Revolving Fund as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
September 17, 2002

Fred Wendel, CMA, CA
Provincial Auditor

Statement 1

PASTURES REVOLVING FUND
BALANCE SHEET
As at March 31

	2002	2001
ASSETS		
Current assets:		
Accounts receivable	$ 318,692	$ 308,462
Inventory	306,457	280,572
	625,149	589,034
Capital assets (Note 5)	2,134,826	2,152,424
	$ 2,759,975	$ 2,741,458
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$ 208,174	$ 272,686
Unearned revenue	3,034	19,700
	211,208	292,386
Non-current liabilities:		
Accumulated net expenditure (Statement 3)	3,003,911	3,178,422
	3,215,119	3,470,808
Equity:		
Accumulated operating deficit (Statement 2)	(455,144)	(729,350)
	$ 2,759,975	$ 2,741,458

(See accompanying notes to the financial statements)

Statement 2

PASTURES REVOLVING FUND
STATEMENT OF OPERATIONS AND ACCUMULATED OPERATING DEFICIT
For the Year Ended March 31

	Budget 2002 (Note 6)	Actual 2002	Actual 2001
REVENUES			
Grazing	$ 5,453,270	$ 4,995,549	$ 4,900,642
Bull wintering	377,000	447,445	403,019
Cow wintering	146,914	165,005	148,745
House rent	64,276	57,500	62,522
Well site and roadway easements	75,955	708,066	687,294
Seismic and easement	17,816	104,342	18,223
Hay	43,100	19,678	30,356
Backgrounding	58,325	---	40,621
Gain on disposal of capital assets	---	12,176	18,703
Other	3,344	58,298	8,395
	6,240,000	6,568,059	6,318,520
EXPENSES			
Salaries	2,857,513	2,826,110	2,753,204
Taxes	821,337	849,868	786,187
Repairs and improvements	536,419	534,288	521,818
Rental of equipment, horses and other	381,181	381,958	390,095
Travel	260,900	274,302	273,512
Amortization	287,142	307,752	290,302
Seed and forage	325,900	563,149	506,587
Small tools, equipment and supplies	184,585	177,051	158,709
Utilities	110,420	120,058	135,945
Veterinary fees and supplies	99,068	108,015	112,274
Telephone	86,415	78,034	91,201
Freight and postage	12,975	51,516	41,393
Advertising and printing	5,600	3,227	5,781
Bad debt expense	---	---	19,421
Other	32,545	47,875	261,441
	6,002,000	6,323,203	6,347,870
Net income (loss) (Note 8)	238,000	244,856	(29,350)
Accumulated operating deficit, beginning of year	(729,350)	(729,350)	(796,984)
Transfer from General Revenue Fund (Note 4)	29,350	29,350	96,984
Accumulated operating deficit, end of year – to Statement 1	$ (462,000)	$ (455,144)	$ (729,350)

(See accompanying notes to the financial statements)

Statement 3

PASTURES REVOLVING FUND
STATEMENT OF CHANGES IN ACCUMULATED NET EXPENDITURE
For the Year Ended March 31

	2002	2001
Financing required for (provided by) operating activities:		
Net (income) loss	$ (244,856)	$ 29,350
Items not affecting working capital:		
Amortization	(307,752)	(290,302)
Bad debt expense	---	(19,421)
Gain on disposal of capital assets	12,176	18,703
Net decrease (increase) in working capital items related to operations (Note 10)	117,293	(164,087)
	(423,139)	(425,757)
Financing required for (provided by) investing activities:		
Purchase of capital assets	290,156	138,448
Proceeds from sale of capital assets	(12,178)	(28,612)
	277,978	109,836
Financing required for (provided by) financing activities:		
Payment from General Revenue Fund	(29,350)	(96,984)
Net decrease in financing requirements	(174,511)	(412,905)
Accumulated net expenditure, beginning of year	3,178,422	3,591,327
Accumulated net expenditure, end of year – to Statement 1	$ 3,003,911	$ 3,178,422

(See accompanying notes to the financial statements)

PASTURES REVOLVING FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2002

1. Authority and Definition

The Pastures Revolving Fund is continued under *The Pastures Act*, effective August 1, 2000. The Revolving Fund was formerly called the Conservation and Development Revolving Fund. The Revolving Fund provides for the establishment, operation, management and maintenance of pastures, programs and services related to pasture and livestock management, and programs related to developing, protecting and promoting the environmental, social, and economic use of pastures.

2. Significant Accounting Policies

The financial statements are prepared in accordance with Canadian generally accepted accounting principles. These statements do not present a cash flow statement because the required cash flow information is readily apparent from the Statement of Changes in Accumulated Net Expenditure and Note 10. The following policies are considered significant:

a) Net Expenditure (Recovery)

The net expenditure (recovery) is the cash flow from (to) the General Revenue Fund. It represents the total annual financing requirements resulting from net capital acquisitions, working capital changes, and net cash flows from operations.

b) Accumulated Net Expenditure

The accumulated net expenditure includes the following:

i) the net expenditure for each fiscal year; and
ii) the book value of assets acquired (disposed of) at no charge from (to) another government agency.

c) Inventory

Inventory is valued at the lower of cost and net realizable value. Inventory consists of repair parts, livestock feed, minerals and fencing supplies.

d) Capital Assets and Amortization

Capital assets are recorded at cost net of accumulated amortization. The cost and related accumulated amortization of items retired or disposed of are removed from the records and any gains or losses are included in the statement of operations and accumulated operating deficit. Amortization of all capital assets is charged to operations using the straight-line method at the following rates:

Fencing and corrals	10%
Water sites	5%
Buildings	5%
Equipment	10%
Office equipment	25%
Land improvements	10%

Assets acquired or disposed of by the Revolving Fund during the year are amortized at 50% of the above rates for the year of acquisition and disposal.

e) Unearned Revenue

Unearned revenue consists of grazing revenue that will be earned in future periods. These amounts are included in income when the revenue is earned.

3. Authorized Financing

Subsection 16(11) of *The Department of Agriculture and Food Act* provided for a maximum accumulated net expenditure which may at any time be outstanding to be set by Order of the Lieutenant Governor in Council. Order in Council 1859/83 established a maximum accumulated net expenditure of $10,000,000.

4. Accumulated Operating Surplus (Deficit)

Treasury Board controls the operations of the Revolving Fund, in part by monitoring the amount of its accumulated operating surplus/deficit. If the amount falls above or below the limit specified by Treasury Board, management is responsible to present a plan to address the excess surplus/deficit for approval by Treasury Board. Plans may include, but are not limited to, payment of excess surpluses to, or requests for additional funding from, the General Revenue Fund. The limit for the Pastures Revolving Fund is $700,000.

5. Capital Assets

	2002			2001
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Fencing and corrals	$ 719,408	$ 332,456	$ 386,952	$ 399,778
Water sites	536,177	103,083	433,094	358,194
Equipment	1,509,046	681,689	827,357	901,652
Buildings	348,531	87,274	261,257	244,127
Office equipment	119,225	82,268	36,957	33,745
Land improvements	257,187	67,978	189,209	214,928
Total	$ 3,489,574	$ 1,354,748	$ 2,134,826	$ 2,152,424

6. Budget

Treasury Board approves the Revolving Fund's budget annually.

7. Related Party Transactions

Included in these financial statements are the following transactions with Saskatchewan Crown corporations, departments, agencies, boards and commissions related to the Revolving Fund by virtue of common control or significant influence by the Government of Saskatchewan.

The Revolving Fund purchased utility and communication services of $198,702 (2001 – $196,454) from SaskPower, SaskEnergy and SaskTel and purchased vehicle rentals, insurance and supplies of $128,873 (2001 - $122,982) from Saskatchewan Property Management Corporation and Saskatchewan Government Insurance. These transactions are in the normal course of operations and are recorded at the standard rates charged by these corporations.

The Revolving Fund paid employee benefits of $191,497 (2001 - $171,271) to Public Service Superannuation Fund, Public Employees Superannuation Fund, Public Employees Disability Income Fund and Public Employees Group Life Insurance Fund.

The Revolving Fund receives use of Crown land, office space and administrative services from the Department of Agriculture, Food and Rural Revitalization without charge. In addition, the Revolving Fund pays provincial sales tax to the Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of these purchases.

As at March 31, 2002, $41,902 (2001 - $21,060) was due to Government agencies as a result of the transactions referred to above.

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and the notes thereto.

8. Amount Reported in Public Accounts

The net recovery (expenditure) of the Revolving Fund reported in the Public Accounts is the net income (loss) of the Revolving Fund adjusted for the following differences between the Revolving Fund and the General Revenue Fund:

	2002	2001
Net income (loss)	$ 244,856	$ (29,350)
Payment from General Revenue Fund	29,350	96,984
(Increase) decrease in inventory balance recorded by the Revolving Fund	(25,885)	133,808
Decrease (increase) in net capital assets recorded by the Revolving Fund	17,598	161,763
Timing differences in recording revenue/payments	---	(27,624)
Net recovery (expenditure) reported in the Public Accounts	$ 265,919	$ 335,581

9. Financial Instruments

a) Significant terms and conditions

There are no significant terms and conditions related to financial instruments classified as current assets or current liabilities that affect the amount, timing and certainty of future cash flows.

b) Credit risk

The Revolving Fund is exposed to credit risk from potential non-payment of accounts receivable. The total of the receivables is $381,727 at March 31, 2002 with an allowance for doubtful accounts of $63,035. Some of the receivables were received shortly after year end reducing the credit risk.

c) Receivables/Payables

These financial instruments are non-interest-bearing and are due or payable within one year. Due to this short-term maturity, the carrying value of these financial instruments approximates their fair value.

d) Accumulated Net Expenditure

The fair value of accumulated net expenditure has been omitted because it in not practicable to determine the fair value with sufficient reliability.

10. Net Change in Working Capital Items Related to Operations

	2002	2001
Working capital changes:		
Increase in accounts receivable	$ 10,230	$ 59,393
Increase (decrease) in inventory	25,885	(133,808)
Decrease (increase) in accounts payable	64,512	(86,654)
Decrease (increase) in unearned revenue	16,666	(3,018)
	$ 117,293	$ (164,087)

11. Commitments on Leased Farm Equipment

As of March 31, 2002, the Fund is committed to future lease payments of:

2002/03	$38,946
2003/04	$31,801

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the balance sheet of the Public Employees Benefits Agency Revolving Fund as at March 31, 2002 and the statements of operations, and changes in accumulated net expenditure for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
May 22, 2002

Fred Wendel, CMA, CA
Provincial Auditor

PUBLIC EMPLOYEES BENEFITS AGENCY REVOLVING FUND BALANCE SHEET

STATEMENT 1

AS AT MARCH 31

	2002	2001
ASSETS		
Accounts receivable (Notes 6 and 9)	$ 578,801	$ 704,772
Capital assets (Note 4)	994,069	945,879
	$1,572,870	$1,650,651
LIABILITIES		
Liabilities:		
Accounts payable and accrued liabilities (Notes 6 and 9)	$ 601,698	$ 193,433
Non-current Liabilities:		
Accumulated net expenditure (Statement 3)	971,172	1,457,218
	$1,572,870	$1,650,651

(See accompanying notes to the financial statements)

PUBLIC EMPLOYEES BENEFITS AGENCY REVOLVING FUND STATEMENT OF OPERATIONS

STATEMENT 2

FOR THE YEAR ENDED MARCH 31

	2002		2001
	Budget (Note 7)	**Actual**	**Actual**
REVENUE:			
Administration fees (Note 6)	$7,749,671	$6,286,214	$5,883,129
EXPENSES:			
Salary and benefits	3,381,911	3,297,692	3,090,516
Contractual services	1,954,702	1,444,301	1,427,192
Amortization	814,544	589,826	478,384
Rent	498,940	427,834	374,397
Postage and communications	351,444	267,226	263,714
Supplies	240,827	93,178	103,172
Travel	193,571	79,798	74,116
Advertising/printing	304,922	68,970	43,075
Business entertainment	2,810	13,714	18,235
Repairs and maintenance	6,000	3,675	10,328
Total expenses	7,749,671	6,286,214	5,883,129
Net income	$ -	$ -	$ -

(See accompanying notes to the financial statements)

PUBLIC EMPLOYEES BENEFITS AGENCY REVOLVING FUND STATEMENT OF CHANGES IN ACCUMULATED NET EXPENDITURE

STATEMENT 3

FOR THE YEAR ENDED MARCH 31

	2002	2001
Financing (provided by) required for operating activities:		
Net income	$ -	$ -
Items not affecting working capital - Amortization	(589,826)	(478,384)
Net increase in working capital items related to operations (Note 5)	(534,236)	123,045
Net financing from operating activities	(1,124,062)	(355,339)
Financing required for investing activities:		
Purchase of capital assets	638,016	592,211
Net financing used in investing activities	638,016	592,211
Net increase in financing requirements	(486,046)	236,872
ACCUMULATED NET EXPENDITURE, beginning of year	1,457,218	1,220,346
ACCUMULATED NET EXPENDITURE, end of year – to Statement 1	$ 971,172	$1,457,218

(See accompanying notes to the financial statements)

PUBLIC EMPLOYEES BENEFITS AGENCY REVOLVING FUND
NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2002

1. Authority and Definition of Accounting Entity

The authority for the Public Employees Benefits Agency Revolving Fund (Revolving Fund) is contained in Section 65 of *The Financial Administration Act, 1993*. The Revolving Fund was established to account for the administration costs of the Public Employees Benefits Agency (PEBA). These costs are allocated to the various plans and programs administered by PEBA in accordance with the policy described in Note 2(c).

2. Significant Accounting Policies

The financial statements are prepared using Canadian generally accepted accounting principles. These financial statements do not present a cash flow statement because the required cash flow information is readily apparent from the Statement of Changes in Accumulated Net Expenditure and Note 5. The following policies are considered significant:

a) Net Expenditure (Recovery)

The net expenditure (recovery) for a fiscal year is the cash flow from (to) the General Revenue Fund. It represents the total annual financing requirements resulting from net capital acquisitions, working capital changes and net cash flow from operations of the Revolving Fund.

b) Accumulated Net Expenditure (Recovery)

The accumulated net expenditure (recovery) of the Revolving Fund consists of the sum of the net expenditures (recoveries) of each fiscal year since inception.

c) Revenue – Administration fees

The costs incurred by PEBA in the administration of the various plans and programs are billed on a monthly basis to these plans and programs as follows:

i) Costs relating to a particular plan or program are allocated to that plan.
ii) All other costs are allocated to the various plans and programs using a formula primarily based on employees' time required to administer these plans and programs.

d) Capital Assets

Individual capital assets and leasehold improvements costing more than $500 are capitalized. Capital assets are amortized on a straight-line basis over three years for computer software, hardware and system development and over five years for furniture and leasehold improvements. The cost and related accumulated amortization of items retired or disposed of are removed from the records and any gains or losses are included in the statement of operations.

3. Authorized Financing

Subsection 65(12) of *The Financial Administration Act, 1993* provides for the maximum of accumulated net expenditure which may at any time be outstanding to be set by order of the Lieutenant Governor in Council. The maximum amount for accumulated net expenditure has been set at $2,200,000 by Order-in-Council 328/00.

4. Capital Assets

	Cost		Accumulated Amortization		Net Book Value	
	2002	2001	2002	2001	2002	2001
Computer Hardware	$ 863,095	$ 774,887	$ 699,477	$546,396	$163,618	$228,491
Computer Software	144,878	128,901	102,900	71,380	41,978	57,521
Furniture	308,653	109,181	107,820	67,373	200,833	41,808
System Development	966,874	632,514	438,724	152,903	528,150	479,611
Leaseholds	289,875	289,875	230,385	151,427	59,490	138,448
	$2,573,375	$1,935,358	$1,579,306	$989,479	$994,069	$945,879

5. Net Change in Working Capital Items Related to Operations

	2002	2001
Increase (decrease) in accounts receivable	$(125,971)	$(101,415)
(Increase) decrease in accounts payable and accrued liabilities	(408,265)	224,460
	$(534,236)	$ 123,045

6. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies, boards and commissions related to the Fund by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan collectively referred to as "related parties".

Expenses include $988,695 (2001 - $859,111) incurred by the Minister of Finance for rent and certain administrative services provided to the Revolving Fund. The Revolving Fund bills the various plans and programs administered by PEBA in accordance with subsection 64(7) of *The Financial Administration Act, 1993,* to recover those expenses. Amounts received by the Revolving Fund relating to these costs are credited to the General Revenue Fund in accordance with subsection 65(11) of *The Financial Administration Act, 1993.*

In accordance with established government policy, the Revolving Fund has not been charged with certain costs including financing and certain administrative costs. These costs have been absorbed by various departmental appropriations and therefore, no provision for such costs is reflected in these financial statements.

Routine operating transactions with other related parties are recorded at standard rates charged by those organizations and are settled on normal trade terms.

The following table summarizes the Revolving Fund's related party transactions that are in the normal course of operations.

	2002	2001
Administration fees	$6,286,214	$5,883,129
Expenses:		
Salary and benefits	424,679	379,426
Rent	405,639	353,683
Postage and communications	180,880	157,094
Supplies	28,604	28,728
Contractual services	9,802	4,403
Travel	2,782	493
Repairs and maintenance	2,125	3,822
Advertising/printing	2,004	-

At year end, the following amounts were due to/from related parties as a result of the transactions referred to above:

	2002	2001
Accounts receivable	$578,801	$704,772
Accounts payable and accrued liabilities	$133,145	$ 62,168

The Revolving Fund also paid $199,472 (2001 - $1,286) to Saskatchewan Property Management Corporation for the purchase of capital assets.

In addition, the Revolving Fund pays Provincial Sales Tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

7. Budget

The various pension plan boards approved their component of the annual budget. A copy of the annual budget was also submitted to Treasury Board.

8. Amount Reported in the Public Accounts

The net revenue/(expenditure) of the Revolving Fund reported in the Public Accounts is the net income/(loss) of the Revolving Fund adjusted for the following differences in accounting policies between the Revolving Fund and the General Revenue Fund:

	2002	2001
Net income/(loss)	$ -	$ -
(Increase) decrease in capital assets	(48,190)	(113,827)
Amounts not included in Public Accounts due to timing	(76,442)	(74,320)
Net financing requirement reported in Public Accounts	$(124,632)	$(188,147)

9. Financial Instruments

a) Significant terms and conditions

There are no significant terms and conditions related to financial instruments classified as accounts receivable or accounts payable and accrued liabilities that affect the amount, timing, and certainty of future cash flows.

b) Credit risk

The Revolving Fund is exposed to credit risk from potential non-payment of accounts receivable. However, the majority of the Revolving Fund's receivables are from government plans and programs administered by PEBA. Therefore, the credit risk is minimal.

c) Fair value

The Revolving Fund's financial instruments include accounts receivable and accounts payable and accrued liabilities. Due to their immediate or short-term nature, the fair value of these instruments approximates the carrying value.

The fair value of the accumulated net expenditure has been omitted because it is not practicable to determine the fair value with sufficient reliability.

10. Comparative Figures

Certain of the 2001 balances have been reclassified to conform with the current year's presentation.

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the balance sheet of the Queen's Printer Revolving Fund as at March 31, 2002 and the statements of operations and accumulated operating surplus and changes in accumulated net expenditure/recovery for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred Wendel, CMA, CA
Provincial Auditor

Regina, Saskatchewan
July 5, 2002

Statement 1

DEPARTMENT OF JUSTICE
QUEEN'S PRINTER REVOLVING FUND
BALANCE SHEET
As at March 31

	2002	2001
ASSETS		
Current Assets:		
Accounts receivable (net)	$ 83,333	$ 139,435
Inventories	838	14,691
Prepaid expenses	599	399
Other assets	970	1,123
Total current assets	85,740	155,648
Capital assets (Note 5)	22,309	33,223
Total Assets	$ 108,049	$ 188,871
LIABILITIES AND FUND EQUITY		
Current Liabilities:		
Accounts payable	$ 57,750	$ 87,632
Unearned revenue (Note 6)	31,314	72,244
Total current liabilities	89,064	159,876
Non-current liabilities:		
Accumulated net recovery (Statement 3)	(17,092)	(37,917)
Total liabilities	71,972	121,959
Fund Equity:		
Accumulated operating surplus (Statement 2)	36,077	66,912
Total Liabilities and Fund Equity	$ 108,049	$ 188,871

(See accompanying notes to financial statements)

Statement 2

DEPARTMENT OF JUSTICE
QUEEN'S PRINTER REVOLVING FUND
STATEMENT OF OPERATIONS AND ACCUMULATED OPERATING SURPLUS
For the Year Ended March 31

	2002		2001
	Budget (Note 9)	Actual	Actual
Revenues			
Sales	$ 680,000	$ 626,999	$ 901,669
Cost of goods sold	(280,000)	(246,267)	(352,850)
Gross profit	400,000	380,732	548,819
Expenses			
Salaries	400,000	438,689	397,496
Information technology	17,500	6,184	30,977
Amortization	17,500	23,794	22,298
Telephone	15,000	7,913	11,248
Office supplies	14,000	14,056	12,275
Other	40,500	20,931	29,812
Total expenses	504,500	511,567	504,106
(Loss)/income from operations	(104,500)	(130,835)	44,713
Subsidy from GRF	100,000	100,000	—
Net (loss)/income after subsidy	$ (4,500)	(30,835)	44,713
Accumulated operating surplus, beginning of year		66,912	22,199
Accumulated operating surplus, end of year (Statement 1)		$ 36,077	$ 66,912

(See accompanying notes to financial statements)

Statement 3

DEPARTMENT OF JUSTICE
QUEEN'S PRINTER REVOLVING FUND
STATEMENT OF CHANGES IN ACCUMULATED NET EXPENDITURE/RECOVERY
FOR THE YEAR ENDED MARCH 31

	2002	2001
Financing (provided by) required for operating activities:		
Net loss/(income) after subsidy (Statement 2)	$ 30,835	$ (44,713)
Less: Items not requiring an outlay of funds -amortization	(23,794)	(22,298)
Net increase in working capital items related to operations (Note 7)	904	13,739
	7,945	(53,272)
Financing (provided by) required for investing activities:		
Acquisition of capital assets	12,880	31,139
Net expenditure/(recovery)	20,825	(22,133)
Accumulated net (recovery), beginning of year	(37,917)	(15,784)
Accumulated net (recovery), end of year - to Statement 1	$ (17,092)	$ (37,917)

(See accompanying notes to financial statements)

DEPARTMENT OF JUSTICE
QUEEN'S PRINTER REVOLVING FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2002

1. Authority and Definition of Reporting Entity

The Revolving Fund operates under the authority of Section 9.1 of *The Queen's Printer's Act*. The purpose of the revolving fund is to provide a mechanism for printing, publishing and distributing government documents and publications to the public.

2. Accounting Policies

The financial statements are prepared using Canadian generally accepted accounting principles. These financial statements do not present a cash flow statement because the required cash flow information is readily apparent from the Statement of Changes in Accumulated Net Expenditure/(Recovery) and Note 7. The following accounting policies are considered significant:

a) Net Expenditure/(Recovery)

The net expenditure/(recovery) is the cash flow from/(to) the General Revenue Fund. It represents the total annual financing requirements resulting from net capital acquisitions, working capital changes and net cash flows from operations.

b) Accumulated Net Expenditure/(Recovery)

The accumulated net expenditure/(recovery) of the fund includes the following:

i) the net cash expenditure/(recovery) for each fiscal year; and

ii) the book value of assets acquired at no charge from other government agencies.

c) Inventories

Inventories are valued at the lower of average cost and net realizable value. Inventories consist of paper used in the production of the final product.

d) Capital Assets

Amortization is calculated on a straight-line basis at an annual rate of 10% of acquisition value for furniture, 20% for equipment, and 33 1/3% for computer hardware and software.

3. Authorized Financing

Subsection 9.1(10) of *The Queen's Printer's Act* specifies that the maximum amount of accumulated net expenditures which may be outstanding at any time will be set by order of the Lieutenant Governor in Council. A maximum amount of $150,000 was established by Order in Council 667/89.

4. Accumulated Operating Surplus/Deficit

Treasury Board controls the operations of the Revolving Fund, in part by monitoring the amount of its accumulated operating surplus/deficit. If the amount falls above or below the limit specified by Treasury Board, management is responsible to present a plan to address the excess surplus/deficit for approval by Treasury Board. Plans may include, but are not limited to, payment of excess surpluses to, or requests for additional funding from, the General Revenue Fund. The limit for the Queen's Printer Revolving Fund is $100,000.

5. Capital Assets

	2002			2001
	Acquisition Value	Accumulated Amortization	Net Book Value	Net Book Value
Computer Hardware	$ 204,187	$ 185,778	$ 18,409	$ 25,902
Computer Software	26,911	26,108	803	1,607
Equipment/Furniture	16,794	13,697	3,097	5,714
	$ 247,892	$ 225,583	$ 22,309	$ 33,223

6. Unearned Revenue

Subscriptions to *The Saskatchewan Gazette* are considered unearned revenue for those months that the subscription extends beyond the fiscal year.

7. Net Change in Working Capital Items Related to Operations

	2002	2001
(Decrease)/increase in accounts receivable	$ (56,102)	$ 51,329
(Decrease) in inventory	(13,853)	(18,269)
Increase/(decrease) in prepaid expenses	200	(499)
(Decrease)/increase in other assets	(153)	1,023
Decrease/(increase) in accounts payable	29,882	(26,666)
Decrease in unearned revenue	40,930	6,821
Net change in working capital	$ 904	$ 13,739

8. Related Party Transactions

These financial statements include transactions with related parties. The Revolving Fund is related to all Saskatchewan Crown agencies such as departments, corporations, boards and commissions under the common control of the Government of Saskatchewan. Also, the Revolving Fund is related to non-Crown enterprises that the Government jointly controls or significantly influences.

Publications are sold and services are provided to related parties at amounts agreed to by the parties. These amounts are lower than those charged to other customers.

These transactions and amounts outstanding at year end are as follows:

Category	2002	2001
Revenue	$ 261,414	$ 384,522
Accounts receivable	50,060	83,451

Routine operating transactions with related parties are settled on normal trade terms. These transactions, and amounts outstanding at year end, are as follows:

Category	2002	2001
Expenses	$92,625	$102,358
Accounts payable	8,201	11,770

In addition, the Revolving Fund pays Saskatchewan Provincial Sales Tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and notes thereto.

In accordance with established government policy, the Revolving Fund has not been charged with certain occupancy, financing and administrative costs. These costs have been absorbed by the various departmental appropriations and therefore no provision for such costs is reflected in these financial statements.

9. Budget

These amounts are included in the budget submitted to Treasury Board for approval. Treasury Board approves the Revolving Fund's budget annually.

10. Financial Instruments

The Revolving Fund's financial instruments include accounts receivable and accounts payable. Due to their immediate and short-term nature, the fair value of these instruments approximates the carrying value.

The fair value of the accumulated net expenditure has been omitted because it is not practicable to determine the fair value with sufficient reliability.

11. Amount Reported in the Public Accounts

The net (requirement)/recovery of the Revolving Fund reported in the Public Accounts is the net income of the Revolving Fund adjusted for the following differences in accounting policies and other adjustments between the Revolving Fund and the General Revenue Fund.

	2002	2001
Net (loss)/income	$ (30,835)	$ 44,713
Amortization expense	23,794	22,298
Decrease in inventory	13,853	18,269
Capital assets purchased	(12,880)	(31,139)
Timing differences in recording transactions	5,322	(298)
Net (requirement)/recovery, reported in the Public Accounts	$ (746)	$ 53,843

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the balance sheet of the Resource Protection and Development Revolving Fund as at March 31, 2002 and the statements of operations and accumulated operating surplus/(deficit), and changes in accumulated net expenditure/(recovery) for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred Wendel, CMA, CA
Provincial Auditor

Regina, Saskatchewan
June 17, 2002

Statement 1

RESOURCE PROTECTION AND DEVELOPMENT REVOLVING FUND
BALANCE SHEET
As at March 31

	2002	2001
ASSETS		
Current assets:		
Accounts receivable (Note 10)	$ 209,246	$ 79,818
Inventories	432,767	235,556
Prepaid expenses	47,154	46,700
	689,167	362,074
Capital assets (Note 5)	2,622,400	2,091,893
	$ 3,311,567	$ 2,453,967
LIABILITIES AND FUND EQUITY		
Current liabilities:		
Accounts payable (Note 10)	$ 95,943	$ 276,056
Non-current liabilities:		
Accumulated net expenditure (Statement 3 and Note 10)	3,118,547	2,052,045
Fund equity:		
Accumulated operating surplus/(deficit) (Statement 2)	97,077	125,866
	$ 3,311,567	$ 2,453,967

(See accompanying notes to the financial statements)

Statement 2

RESOURCE PROTECTION AND DEVELOPMENT REVOLVING FUND
STATEMENT OF OPERATIONS AND ACCUMULATED OPERATING SURPLUS/(DEFICIT)
For the Year Ended March 31

	2002		2001
	Budget (Note 9)	Actual	Actual
Revenues:			
Radio communications	$ 1,435,000	$ 1,663,764	$ 1,643,422
Equipment rental and recoveries	216,155	200,637	216,385
Staff housing	159,760	164,810	137,333
Northern air operations	100,000	60,360	75,331
Spruce budworm program	---	---	2,632
Other	---	---	223
	1,910,915	2,089,571	2,075,326
Expenses:			
Salaries and benefits	947,000	975,436	888,201
Contractual services	301,124	510,641	440,404
Amortization	301,855	330,941	329,501
Materials & supplies	229,000	232,768	439,498
Travel & sustenance	62,700	61,212	36,345
Other	69,236	7,362	63
	1,910,915	2,118,360	2,134,012
Net (loss) (Notes 6 and 11)	$ ---	(28,789)	(58,686)
Accumulated operating surplus/(deficit), beginning of year		125,866	184,552
Accumulated operating surplus/(deficit), end of year - to Statement 1		$ 97,077	$ 125,866

(See accompanying notes to the financial statements)

Statement 3

RESOURCE PROTECTION AND DEVELOPMENT REVOLVING FUND
STATEMENT OF CHANGES IN ACCUMULATED NET EXPENDITURE/(RECOVERY)
For the Year Ended March 31

	2002	2001
Financing (provided by)/required for operating activities:		
Net loss	$ 28,789	$ 58,686
Items not affecting working capital		
-amortization	(330,941)	(329,501)
-(loss) on disposal of capital assets	(10,705)	(19,819)
Net increase/(decrease) in working capital items related to operations (Note 7)	507,206	(77,323)
Net financing provided by operating activities	194,349	(367,957)
Financing (provided by)/required for investing activities:		
Purchase of capital assets	888,348	452,795
Proceeds from sale of capital assets	(16,195)	(4,729)
Net financing required for investing activities	872,153	448,066
Net increase in financing requirement	1,066,502	80,109
Accumulated net expenditure, beginning of year	2,052,045	1,971,936
Accumulated net expenditure, end of year - to Statement 1	$ 3,118,547	$ 2,052,045

(See accompanying notes to the financial statements)

RESOURCE PROTECTION AND DEVELOPMENT REVOLVING FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2002

1. Authority and Definition of Entity

The Revolving Fund operates under the authority of Section 19 of *The Natural Resources Act*. The purpose of the Revolving Fund is to provide resource protection and development services. The Department of Environment and Resource Management (now called the Department of Environment) administers the Revolving Fund.

2. Significant Accounting Policies

The financial statements are prepared using Canadian generally accepted accounting principles. These financial statements do not present a cash flow statement because the required cash flow information is readily apparent from the Statement of Changes in Accumulated Net Expenditure and Note 7. The following accounting policies are considered significant:

a) Net Expenditure/(Recovery)

The net expenditure/(recovery) is the cash flow from/(to) the General Revenue Fund. It represents the total annual financing requirements resulting from net capital acquisitions, working capital changes and net cash flows from operations.

b) Accumulated Net Expenditure/(Recovery)

The accumulated net expenditure/(recovery) of the Fund includes the following:

i) net expenditure/(recovery) for each fiscal year; and

ii) the book value of assets acquired at no charge from another government agency.

c) Inventories

Inventories are valued at the lower of average cost and net realizable value. Inventories consist of airplane parts and radio components.

d) Revenue recognition

Amounts received under contractual agreements are recognized as revenue in the year in which the related expenses are incurred. Amounts received before expenses are incurred are shown as unearned revenue.

e) Capital Assets

Individual capital assets costing more than $500 are capitalized. Amortization commences in the year of acquisition for Radio Communications and Northern Air Operations and amortization for Equipment Rental commences in the year following acquisition. Amortization is calculated on the straight-line basis over the useful life of the asset. Annual amortization rates are from 5% to 33% for equipment and 8% for radio communication equipment.

3. Authorized Financing

Subsection 19(9) of *The Natural Resources Act* specifies that the maximum accumulated net expenditure, which may be outstanding at any time, will be set by order of the Lieutenant Governor in Council. A maximum amount of $5,500,000 was established by Order in Council 515/94.

4. Accumulated Operating Surplus/(Deficit)

Treasury Board controls the operations of the Revolving Fund, in part by monitoring the amount of its accumulated operating surplus/(deficit). If the amount falls above or below the limit specified by Treasury Board, management is responsible to present a plan to address the excess surplus/(deficit) for approval by Treasury Board. Plans may include, but are not limited to, payment of excess surpluses to, or requests for additional funding from, the General Revenue Fund. Treasury Board has specified the limit for the accumulated operating surplus/(deficit) is $200,000.

5. Capital Assets

	2002			2001
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Equipment rental	$ 4,565,290	$ 2,580,849	$ 1,984,441	$ 1,387,011
Radio communications	2,749,871	2,160,664	589,207	650,348
Northern air operations	63,080	14,328	48,752	54,534
	$ 7,378,241	$ 4,755,841	$ 2,622,400	$ 2,091,893

6. Segmented Information

	2002			2001
	Revenues	Expenses	Net Income/ (loss)	Net Income/ (loss)
Radio communications	$ 1,663,764	$ 1,589,607	$ 74,157	$ 46,957
Equipment rental	200,637	197,784	2,853	9,699
Staff housing	164,810	278,259	(113,449)	(114,533)
Northern air operations	60,360	52,710	7,650	(809)
	$ 2,089,571	$ 2,118,360	$ (28,789)	$ (58,686)

7. Net Change in Working Capital Items Related to Operations

	2002	2001
Increase in accounts receivable	$ 129,428	$ 30,120
Increase/(decrease) in inventories	197,211	(29,806)
Increase in prepaid expenses	454	1,758
Decrease/(increase) in accounts payable	180,113	(82,250)
Decrease in unearned revenue	—	2,855
	$ 507,206	$ (77,323)

8. Related Party Transactions

These financial statements include transactions with related parties. The Revolving Fund is related to all Saskatchewan Crown agencies such as departments, corporations, boards and commissions under the common control of the Government of Saskatchewan. Also, the Revolving Fund is related to non-Crown enterprises that the Government jointly controls or significantly influences.

Routine operating transactions with related parties are recorded at agreed upon rates and settled on normal trade terms. Rates charged by the Revolving Fund for services are calculated to recover costs incurred. These transactions, and amounts outstanding at year end, are as follows:

Category	2002	2001
Revenues:		
Radio communications	$ 1,663,232	$ 1,657,445
Equipment rental and recoveries	211,249	212,515
Northern air operations	—	21,888
Expenses:		
Contractual services	135,451	120,623
Materials & supplies	3,078	32,830
Travel & sustenance	35,902	24,240
Accounts receivable	188,003	60,344
Accounts payable	7,189	30,737

In addition, the Revolving Fund pays Provincial Sales Tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and notes thereto.

In accordance with established government policy, the Revolving Fund has not been charged with certain costs including occupancy, financing and certain administrative costs. These costs have been absorbed by the departmental appropriations and therefore no provision for such costs is reflected in these financial statements.

9. Budget

These amounts are included in the budget submitted to Treasury Board for approval. Treasury Board approves the Revolving Fund's budget annually.

10. Financial Instruments

The Revolving Fund's financial instruments include accounts receivable and accounts payable. Due to their immediate or short-term nature, the fair value of these instruments approximates their carrying value.

The fair value of the accumulated net expenditure has not been provided because it is not practicable to determine the fair value with sufficient reliability.

The Revolving Fund is exposed to minimal credit risk from the potential of non-payment of accounts receivable. Most receivables were received subsequent to year end.

11. Amount Reported in Public Accounts

The net (expenditure)/recovery of the Revolving Fund reported in Public Accounts is the net income/(loss) of the Revolving Fund adjusted for the following differences in accounting policies and other adjustments between the Revolving Fund and the General Revenue Fund:

	2002	2001
Net (loss)	$ (28,789)	$ (58,686)
(Increase)/decrease in inventory	(197,211)	29,806
(Increase) in net book value of capital assets	(530,507)	(98,746)
Amounts not included in Public Accounts due to timing	(43,327)	(568)
Net (expenditure)/recovery reported in Public Accounts	$ (799,834)	$ (128,194)

12. Comparative Figures

Certain comparative figures have been restated to conform to the current year's financial statement presentation.

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the balance sheet of the Saskatchewan Correspondence School Revolving Fund as at March 31, 2002 and the statements of operations and accumulated operating surplus/deficit and changes in accumulated net recovery for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Revolving Fund as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred Wendel, CMA, CA
Provincial Auditor

Regina, Saskatchewan
May 30, 2002

Statement 1

SASKATCHEWAN CORRESPONDENCE SCHOOL REVOLVING FUND
BALANCE SHEET
As at March 31

ASSETS

Current:		2002		2001
Petty cash	$	225	$	225
Accounts receivable		138,272		126,013
Inventories		54,454		44,684
Prepaid expenses		5,271		1,551
		198,222		172,473
Capital assets (Note 6)		36,664		73,720
Accumulated net recovery (Statement 3)		192,670		231,665
	$	427,556	$	477,858

LIABILITIES AND EQUITY

		2002		2001
Current liabilities:				
Accounts payable and accrued liabilities	$	110,993	$	132,742
Unearned revenue		380,052		366,518
		491,045		499,260
Fund Equity:				
Accumulated operating surplus/(deficit) (Statement 2)		(63,489)		(21,402)
	$	427,556	$	477,858

(See accompanying notes to the financial statements)

Statement 2

SASKATCHEWAN CORRESPONDENCE SCHOOL REVOLVING FUND
STATEMENT OF OPERATIONS AND ACCUMULATED OPERATING SURPLUS/DEFICIT
For the Year Ended March 31

	2002		2001
	Budget (Note 10)	Actual	Actual
Revenue:			
Sales	$ 243,400	$ 249,059	$ 240,893
Less: Cost of goods sold	110,000	142,417	123,645
Gross profit	133,400	106,642	117,248
Registration fees	97,000	109,155	109,405
Tuition	1,265,162	1,150,239	1,195,722
Other revenue	3,100	15,612	4,711
Total Revenue	1,498,662	1,381,648	1,427,086
Operating expenses:			
Salaries	1,657,769	1,627,076	1,585,286
Marking fees	80,000	33,525	37,844
Computer support and maintenance	121,800	65,207	115,834
Telephone expense	40,000	25,680	29,196
Advertising and printing	23,500	23,644	23,856
Amortization	52,000	42,705	55,194
Office and educational expenses	31,297	25,009	35,531
Postage	57,000	88,783	80,003
Other	23,500	17,106	16,840
Total Expenses	2,086,866	1,948,735	1,979,584
Net income/(loss) from operations	(588,204)	(567,087)	(552,498)
Subsidy from General Revenue Fund	575,000	525,000	495,000
Net income/(loss) (Note 8)	$ (13,204)	(42,087)	(57,498)
Accumulated operating surplus/(deficit), beginning of year		(21,402)	36,096
Accumulated operating surplus/(deficit), end of year - to Statement 1		$ (63,489)	$ (21,402)

(See accompanying notes to the financial statements)

Statement 3

SASKATCHEWAN CORRESPONDENCE SCHOOL REVOLVING FUND
STATEMENT OF CHANGES IN ACCUMULATED NET RECOVERY
For the Year Ended March 31

	2002	2001
Financing (provided by) required for operating activities:		
Net loss/(income)	$ 42,087	$ 57,498
Items not affecting working capital		
- Amortization	(42,705)	(55,194)
Net increase/(decrease) in working capital items related to operations (Note 7)	33,964	(41,843)
	33,346	(39,539)
Financing required for investing activities:		
Purchase of capital assets	5,649	11,211
Net increase/(decrease) in financing requirements	38,995	(28,328)
Accumulated net recovery, beginning of year	231,665	203,337
Accumulated net recovery, end of year - to Statement 1	$ 192,670	$ 231,665

(See accompanying notes to the financial statements)

SASKATCHEWAN CORRESPONDENCE SCHOOL REVOLVING FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2002

1. Authority and Definition of Entity

The Revolving Fund was established April 1, 1990, pursuant to Section 11 of *The Education Act, 1995*. The purpose of the Saskatchewan Correspondence School Revolving Fund is to provide educational services at the high school level, Grades 9-12, to Saskatchewan residents through distance education.

2. Significant Accounting Policies

These financial statements have been prepared using Canadian generally accepted accounting principles. These financial statements do not present a cash flow statement because the required cash flow information is readily apparent from the Statement of Changes in Accumulated Net Recovery and Note 7. The following accounting policies are considered significant.

a) Net Expenditure/(Recovery)

The net expenditure/(recovery) is the total cash outflow from/to the General Revenue Fund. It represents the total annual financing requirements resulting from the net capital acquisitions, working capital changes and net cash flows from operations.

b) Accumulated Net Expenditure/(Recovery)

The accumulated net expenditure/(recovery) of the Revolving Fund includes the following:

i) Net expenditure/(recovery) for each fiscal year; and

ii) The book value of assets acquired at no charge from another government agency.

c) Capital Assets

Capital assets are recorded at cost. The cost and related accumulated amortization of items retired or disposed of are removed from the records and any gains or losses are included in the statement of operations and accumulated surplus.
Donated equipment is recorded at fair market value.

Amortization is provided on office and audio/visual equipment on a straight-line basis at an annual rate of 20% from the date of acquistion. Computer software and hardware are amortized at an annual rate of 25% from the date of acquistion.

d) Inventory

Inventory is valued at the lower of average cost and net realizable value.

e) Revenue recognition

Revenue from tuition fees is recorded in income as the services are provided.

3. Authorized Financing

Section 11(12) of *The Education Act, 1995* provides for a maximum amount of accumulated net expenditures which may at any time be outstanding to be set by order of the Lieutenant Governor in Council. By Order in Council 776/90 the maximum amount has been set at $1,200,000.

4. Disposition of Accumulated Operating Surplus or Deficit

Treasury Board controls the operations of the Revolving Fund, in part by monitoring the amount of its accumulated operating surplus/deficit. If the amount falls above or below the limit specified by Treasury Board, management is responsible to present a plan to address the excess surplus/deficit for approval by Treasury Board. Plans may include, but are not limited to, payment of excess surpluses to, or requests for additional funding from, the General Revenue Fund. The limit of the Correspondence School Revolving Fund is $100,000.

5. Tuition Fees and Other Related Costs

The Revolving Fund's Correspondence School tuition fees and other related recoverable costs are described in the annual Correspondence School Calendar. These costs and tuition fees are reviewed periodically with the view to operating the Revolving Fund as close to the break even point as possible.

6. Capital Assets

	2002			2001
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Office & audio/visual equipment	$ 20,712	$ 18,839	$ 1,873	$ 2,647
Computer hardware/software	878,189	843,398	34,791	71,073
	$ 898,901	$ 862,237	$ 36,664	$ 73,720

Amortization provided in the financial statements for the current year amounted to $42,705. (2001 - $55,194)

7. Net Change in Working Capital Items Related to Operations

	2002	2001
Increase in accounts receivable	$ 12,259	$ 12,029
Increase in prepaid expenses	3,720	858
Increase in inventories	9,770	4,649
Decrease/(increase) in accounts payable and accrued liability	21,749	(76,142)
Decrease/(increase) in unearned revenue	(13,534)	16,763
	$ 33,964	$ (41,843)

8. Amount Reported in Public Accounts

The net expenditure of the Revolving Fund reported in the Public Accounts is the net income/loss of the Revolving Fund adjusted for the following differences in accounting policies and other adjustments between the Revolving Fund and the General Revenue Fund:

	2002	2001
Net loss from operations	$ 42,087	$ 57,498
Increase in inventory balance	9,770	4,649
(Decrease) in net capital assets	(37,056)	(43,983)
Amounts not included in Public Accounts, due to timing	42,696	15,714
Net expenditure, reported in the Public Accounts	$ 57,497	$ 33,878

9. Related Parties

These financial statements include transactions with related parties. The Revolving Fund is related to all Saskatchewan Crown agencies such as departments, corporations, boards and commissions under the common control of the Government of Saskatchewan. Also, the Revolving Fund is related to non-Crown enterprises that the Government jointly controls or significantly influences.

Routine operating transactions with related parties are recorded at the rates charged by those organizations and are settled on normal trade terms. These transactions are as follows:

	2002	2001
Telephone	$ 25,680	$ 29,196
Postage	88,783	80,003

Other transactions with related parties and amounts due to/from them are described separately in the financial statements.

In accordance with established government policy, the Revolving Fund has not been charged with certain costs including occupancy, financing and certain administrative costs. These costs have been absorbed by various departmental appropriations and, therefore, no provision is reflected in these financial statements.

10. Budget

These amounts are included in the budget submitted to Treasury Board for approval. Treasury Board approves the Revolving Fund's budget annually.

11. Financial Instruments

The Revolving Fund's financial instruments include accounts receivable and accounts payable and accrued liabilities. Due to their immediate or short-term nature, the fair value of these instruments approximates the carrying value.

The fair value of the accumulated net recovery has been omitted because it is not practicable to determine the fair value with sufficient reliability.

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the balance sheet of the Saskatchewan Learning Resources Distribution Centre Revolving Fund as at March 31, 2002 and the statements of operations and accumulated operating deficit, and changes in accumulated net expenditure for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Revolving Fund as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred Wendel, CMA, CA
Provincial Auditor

Regina, Saskatchewan
August 15, 2002

Statement 1

SASKATCHEWAN LEARNING RESOURCES DISTRIBUTION CENTRE REVOLVING FUND
BALANCE SHEET
As at March 31

ASSETS

	2002	2001
Current assets:		
Petty cash	$ 2,100	$ 2,100
Accounts receivable	319,914	243,291
Prepaid expenses	1,312	3,277
Inventories (Note 5)	1,652,211	1,883,579
	1,975,537	2,132,247
Capital assets (Note 6)	33,848	142,332
	$ 2,009,385	$ 2,274,579

LIABILITIES AND EQUITY

	2002	2001
Current liabilities:		
Accounts payable and accrued liabilities	$ 65,714	$ 52,889
Customers' deposits and credits	5,998	60,159
	71,712	113,048
Accumulated net expenditure (Statement 3)	2,124,277	2,714,728
Fund Equity:		
Accumulated operating (deficit) (Statement 2)	(186,604)	(553,197)
	$ 2,009,385	$ 2,274,579

(See accompanying notes to the financial statements)

Statement 2

SASKATCHEWAN LEARNING RESOURCES DISTRIBUTION CENTRE REVOLVING FUND
STATEMENT OF OPERATIONS AND ACCUMULATED OPERATING DEFICIT
For the Year Ended March 31

	2002		2001
	Budget (Note 11)	Actual	Actual
Revenue:			
Sales	$ 3,200,000	$ 2,721,948	$ 3,044,600
Less: Cost of goods sold	2,752,000	2,321,483	2,591,558
Gross profit	448,000	400,465	453,042
Other Income	200	1,051	71
WCP Project revenue (Note 13)	62,480	57,466	129,192
	510,680	458,982	582,305
Operating expenses:			
Salaries	387,000	343,117	389,938
Amortization	127,000	111,577	115,832
Postage	47,000	65,349	58,838
Office and warehouse expense	32,500	28,845	36,680
Computer support and maintenance	45,000	30,485	54,086
Freight and express out	8,000	1,297	3,263
Other	12,900	9,686	12,025
Loss due to market decline of inventory	-	89,446	193,191
WCP project expenses: (Note 13)			
Salaries	18,000	23,640	36,217
Audio-visual equip.,off.equip.rental,etc	2,600	1,811	22,233
Building rental	27,000	21,677	50,315
Office expense, etc.	9,200	9,459	12,884
	716,200	736,389	985,502
Net (loss) from operations	(205,520)	(277,407)	(403,197)
Subsidy from General Revenue Fund (Note 4)	172,300	644,000	325,205
Net Income (loss) (Note 14)	$ (33,220)	366,593	(77,992)
Accumulated operating (deficit) beginning of year		(553,197)	(475,205)
Accumulated operating (deficit) end of year - to Statement 1		$ (186,604)	$ (553,197)

(See accompanying notes to the financial statements)

Statement 3

SASKATCHEWAN LEARNING RESOURCES DISTRIBUTION CENTRE REVOLVING FUND
STATEMENT OF CHANGES IN ACCUMULATED NET EXPENDITURE
For the Year Ended March 31

	2002	2001
Financing (provided by) required for operating activities:		
Net (income) loss	$ (366,593)	$ 77,992
Items not affecting working capital:		
Amortization	(111,577)	(115,832)
Net increase (decrease) in working capital items related to operations (Note 8)	(116,420)	(413,102)
	(594,590)	(450,942)
Financing (provided by) required for investing activities		
Purchase of capital assets	3,093	10,404
Net (recovery)	(591,497)	(440,538)
Assets transferred to Revolving fund at no cost during year (Note 10)	1,046	1,224
Accumulated net expenditure, beginning of year	2,714,728	3,154,042
Accumulated net expenditure, end of year - to Statement 1	$ 2,124,277	$ 2,714,728

(See accompanying notes to the financial statements)

SASKATCHEWAN LEARNING RESOURCES DISTRIBUTION CENTRE REVOLVING FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2002

1. Authority and Definition of Entity

The authority for this Revolving Fund is contained in section 10(4) of *The Education Act, 1995*. *The Education Act, 1995* was amended to change the name of the Saskatchewan Book Bureau Revolving Fund to the Saskatchewan Learning Resources Distribution Centre Revolving Fund. The purpose of the Saskatchewan Learning Resources Distribution Centre Revolving Fund is to finance and to provide a system of accounting for the purchase, sale and distribution of such school textbooks, workbooks, reference textbooks, related print and non-print materials as recommended by the Department of Learning for use in Saskatchewan schools, and to serve as distributor and sales agent for publications and materials of the Department of Learning.

2. Significant Accounting Policies

The financial statements are prepared using Canadian generally accepted accounting principles. These financial statements do not present a cash flow statement because the required cash flow information is readily apparent from the statement of changes in Accumulated Net Expenditure and Note 8. The following accounting policies are considered significant:

a) Net Expenditure/(Recovery)

The net expenditure/(recovery) is the cash flow from /(to) the General Revenue Fund. It represents the total annual financing requirements resulting from net capital acquisitions, working capital changes and net cash flows from operations.

b) Accumulated Net Expenditure

The accumulated net expenditure of the Fund includes the following:

i) Amounts due to the Minister of Finance as at March 31, 1982, and assumed by the Revolving Fund in respect of working capital advances.

ii) Net expenditure/(recovery) for each fiscal year; and

iii) The book value of assets acquired at no cost from another government agency.

c) Amortization

Amortization is provided on office and warehouse equipment on a straight-line basis at an annual rate of 10% of acquisition value. Computer software costs are amortized at an annual rate of 25% from the date the software becomes operational. Computer equipment is amortized on a straight-line basis at an annual rate of 25% of acquisition value.

d) Inventory Valuation

Inventory is valued at the lower of average cost and net realizable value.

e) Pricing Policy

The Revolving Fund's sales catalogue of books and educational materials and the retail list prices of the items therein are revised periodically by the management with a view to operating the Revolving Fund as close to the break even point as possible. For the 1997 to 2002 years, the retail list price of publications was based on invoice cost plus up to 16.5%.

f) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. The more subjective of such estimates and assumptions relate to inventory valuation. Management believes its estimates and assumptions are appropriate, however, actual results could differ materially from those estimated.

3. Authorized Financing

Section 10(10) of *The Education Act, 1995* provides for a maximum amount of accumulated net expenditures which may at any time be outstanding to be set by order of the Lieutenant Governor in Council. By Order in Council 11/85, the maximum amount has been set at $4,000,000.

4. Disposition of Accumulated Operating Surplus or Deficit

Treasury Board controls the operations of the Revolving Fund, in part by monitoring the amount of its accumulated operating surplus/deficit. If the amount falls above or below the limit specified by Treasury Board, management is responsible to present a plan to address the excess surplus/deficit for approval by Treasury Board. Plans may include, but are not limited to, payment of excess surpluses to, or requests for additional funding from, the General Revenue Fund. The limit of the Learning Resources Distribution Centre Revolving Fund is $150,000.

5. Inventories

	2002	2001
Books and educational material	$ 2,050,727	$ 2,222,647
Allowance to reduce inventory to net realizable value	(398,516)	(339,068)
	$ 1,652,211	$ 1,883,579

6. Capital Assets

	2002			2001
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Office equipment	$ 4,553	$ 4,546	$ 7	$ 7
Warehouse equipment	69,772	59,025	10,747	12,478
Computer software	271,431	268,942	2,489	5,286
Computer equipment	440,659	420,054	20,605	124,561
	$ 786,415	$ 752,567	$ 33,848	$ 142,332

Amortization provided in the financial statements for the current year amounted to $111,577 (2001 - $115,832).

7. Costs Borne by Other Agencies

In accordance with established government policy, the Revolving Fund has not been charged with certain costs including occupancy, financing and certain administrative costs. These costs have been absorbed by various departmental appropriations and, therefore, no provision for such costs is reflected in these financial statements.

8. Net Change in Working Capital Items Related to Operations

	2002	2001
(Decrease)/increase in accounts receivable	$ 76,623	$ 14,268
(Decrease)/increase in prepaid expenses	(1,965)	719
(Decrease)/increase in inventories	(232,414)	(351,756)
Decrease/(increase) in accounts payable	(12,825)	(23,456)
Decrease/(increase) in customers' deposits and credits	54,161	(52,877)
	$ (116,420)	$ (413,102)

9. Related Parties

These financial statements include transactions with related parties. The Revolving Fund is related to all Saskatchewan Crown agencies such as departments, corporations, boards, and commissions under the common control of the Government of Saskatchewan. Also, the Revolving Fund is related to non-Crown enterprises that the Government jointly controls or significantly influences.

Routine operating transactions with related parties are recorded at the rates charged by those organizations and are settled on normal trade terms.

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and the notes thereto.

10. Transfer of Inventory

The Department of Education transferred inventory items valued at $1,046 (2001 - $1,224) to the Revolving Fund at no cost.

11. Budget

These amounts are included in the budget submitted to Treasury Board for approval. Treasury Board approves the Revolving Fund's budget annually.

12. Financial Instruments

The Revolving Fund's financial instruments include accounts receivable, accounts payable and accrued liabilities, and customers' deposits and credits. Due to their immediate or short-term nature, the fair value of these instruments approximates the carrying value.

The fair value of the accumulated net expenditure has been omitted because it is not practicable to determine the fair value with sufficient reliability.

13. WCP Project

Western Canadian Protocol for Collaboration in Basic Education – Manitoba Education and Training has contracted Saskatchewan Education to provide a staffed facility and related services for the evaluation of learning resources that support the curriculum framework developed by this collaboration. The project was completed August 31, 2001.

14. Amount Reported in Public Accounts

The net financing requirement of the Revolving Fund reported in the Public Accounts is the net income/(loss) of the Revolving Fund adjusted for the following differences in accounting policies and other adjustments between the Revolving fund and the General Revenue Fund:

	2002	2001
Net income/(loss) from operations	$ 366,593	$ (77,992)
Decrease in inventory balance	231,368	350,532
Decrease in net capital assets	108,484	105,428
Amounts not included in Public Accounts, due to timing	(2,449)	(4,689)
Net recovery, reported in the Public Accounts	$ 703,996	$ 373,279

15. Discontinuation of Service

In April 2001, a review of the Revolving Fund was conducted to evaluate the type and level of usage of the Revolving Fund's services by school divisions and other client groups. The review concluded that learning resource needs of the K-12 education sector clients have changed. These changes have resulted in a decrease demand for services provided by the Revolving Fund. As a result, a business decision has been made to wind-down the purchase and distribution of commercially acquired resources by the Revolving Fund effective April 1, 2003. The fund will continue to produce and distribute Department of Education publications and other resources required by the department.

16. Comparative Figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

Auditors' Report

To the Members of the Legislative Assembly Province of Saskatchewan

We have audited the balance sheet of **Agricultural Credit Corporation of Saskatchewan** as at March 31, 2002, and the statements of operations and surplus and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2002, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants
Regina, Saskatchewan
April 17, 2002

Agricultural Credit Corporation of Saskatchewan

Balance Sheet

As at March 31, 2002

(in thousands of dollars)

	2002 $	2001 $
Assets		
Cash and short term investments	191	3,216
Accounts receivable	17	307
Loans receivable (notes 4, 5 and 6)	44,533	50,049
Assets held for resale (notes 6 and 7)	7,174	9,667
	51,915	63,239
Liabilities		
Notes payable (note 8)	5,400	-
Interest and other accrued payables	1,502	2,645
Unexpended grants payable (Schedule 1)	423	254
Long-term debt (note 8)	33,951	59,835
	41,276	62,734
Equity		
Accumulated surplus	10,639	505
	51,915	63,239

Contingencies and commitments (note 10)

The accompanying notes are an integral part of the financial statements.

Approved by the Board of Directors

Director Director

Agricultural Credit Corporation of Saskatchewan
Statement of Operations and Surplus
For the year ended March 31, 2002

(in thousands of dollars)

	2002 $	2001 $
Interest and dividend income (note 9)		
Loans receivable	7,130	8,387
Sinking fund and short-term investments	386	7,461
	7,516	15,848
Interest expense		
Long-term debt	7,718	23,465
Net interest expense	202	7,617
Loan loss (recoveries) losses (note 6)	(9,651)	632
CAFF recoveries	(483)	-
Administrative expenses	-	2,601
Other income	-	(303)
(Surplus) loss before the following	(9,932)	10,547
Grants (Schedule 1)	625	10,801
Surplus before unexpended grants repayable	10,557	254
Unexpended grants (Schedule 1)	(423)	(254)
Surplus for the year	10,134	-
Surplus – Beginning of year	505	505
Surplus – End of year	10,639	505

The accompanying notes are an integral part of the financial statements.

Agricultural Credit Corporation of Saskatchewan
Statement of Cash Flows
For the year ended March 31, 2002

(in thousands of dollars)

	2002 $	2001 $
Cash provided by (used in)		
Operating activities		
Surplus for the year	10,134	-
Less sinking fund interest	(254)	(7,104)
Item not affecting cash		
Loan loss (recovery) provision	(9,651)	632
Change in working capital other than cash (note 12)	5,238	(3,048)
Write-offs, recoveries in allowance	(566)	-
Loan payments received	12,304	12,688
	17,205	3,168
Financing activities		
Repayments of long-term debt	(33,000)	(168,600)
Retirement of sinking fund	7,116	150,541
Sinking fund interest	254	7,104
Proceeds from new debt	5,400	-
	(20,230)	(10,955)
Net decrease in cash	(3,025)	(7,787)
Cash and other equivalents – Beginning of the year	3,216	11,003
Cash and other equivalents – End of the year	191	3,216

The accompanying notes are an integral part of the financial statements.

Agricultural Credit Corporation of Saskatchewan
Notes to Financial Statements
March 31, 2002

1 Status of Corporation

The Agricultural Credit Corporation of Saskatchewan (ACS) is a Corporation that acts as an agent of the Government of Saskatchewan and has provided financial assistance to encourage and promote the development and expansion of the agricultural industry in the province. On March 28, 1996, the Government of Saskatchewan announced that the ACS portfolio would be wound down. All ACS employees were transferred to Saskatchewan Agriculture and Food. However, ACS is still responsible for collection of the loan funds, monitoring loan collectibility and retirement of the debt.

2 Significant accounting policies

a) Under Section 29 of The Agricultural Credit Corporation of Saskatchewan Act, the Minister of Agriculture and Food may make grants to the Corporation out of monies appropriated by the Legislature. Grants may be provided for the payment of administration costs and interest on funds borrowed, to defray losses on loans not repaid and for other purposes that may be determined by the Minister. Grant funds received for the fiscal year are for specific purposes. Any excess funds received for the fiscal year and not expended on each specific purpose are reported on the balance sheet as unexpended grants repayable.

   New expenditures incurred in a fiscal year that exceed the grant provided for that purpose are reported as a deficit for the year and may be recovered from the grant to be received for that purpose in a subsequent year.

b) Amounts recovered from customers for capital grants paid to them in prior years and amounts recovered for guarantees paid under discontinued programs are retained by the Corporation and are reported as surplus.

c) Discounts and expenses relating to the issuance of debt are amortized on a straight-line basis over the life of the debt and are included in interest expense on long-term debt.

d) The Corporation records, as assets held for resale, the fair market value, at the date of acquisition, of assets acquired through settlement, quit claim or foreclosure. These asset values are adjusted annually for carrying costs and for the income or loss from any operations associated with the assets. The provision for losses represents management's estimate of possible losses on assets held for resale.

Agricultural Credit Corporation of Saskatchewan
Notes to Financial Statements
March 31, 2002

3 Measurement uncertainty

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the year. The Corporation reviews its overall allowance for loan loss and this process is subject to significant management judgement. In addition, there is management judgement involved in estimating the fair value of assets held for resale. Due to uncertainties inherent in these estimation processes, it is possible that changes in the future conditions may cause recorded amounts to change by a material amount in the near term.

4 Loan programs

a) Capital loan program

Loans are repayable over terms not exceeding 25 years and bear interest at rates between 6 per cent and 13.5 per cent. Security on the loans varies and may include mortgages on real property, security agreements and guarantees.

b) Investment loan program

Investment loans bear interest at rates between 8.5 per cent and 10.5 per cent and are repayable over terms not exceeding 25 years. Security on the loans varies and may include mortgages on real property, security agreements and guarantees.

c) Production loan program

Production loans were disbursed in 1986 to provide farmers, bee colony owners, potato producers and greenhouse operators with loans bearing interest at 6 per cent, repayable in equal principal instalments over a term of three years. Amounts in arrears are at prime plus 2 per cent. Amendments to the program allowed the borrowers to reschedule their outstanding loans to mature in 1997. Subsequently, some loans were rewritten with longer terms to assist borrowers to repay their loans. These amended loans bear interest at an average rate of 9 per cent.

The loans are secured by promissory notes, and where applicable, by guarantees and general security agreements.

d) Livestock cash advance program

Effective August 1, 1993, customers with Livestock cash advances began repaying the loans, bearing interest at the bank prime rate plus 2 per cent over a maximum five-year period. Subsequently, some loans were rewritten with longer terms to assist borrowers to repay their loans. These amended loans bear interest at an average rate of 9 per cent.

The loans are secured by promissory notes, and where applicable, by guarantees.

Agricultural Credit Corporation of Saskatchewan
Notes to Financial Statements
March 31, 2002

e) Spring seeding loan program

During the 1992 fiscal year, the Corporation paid out $48.6 million to honour guarantees on loans granted by financial institutions under the Spring seeding loan program. The loans bear interest at prime plus 2 per cent.

The loans are secured by promissory notes and, where applicable, by guarantees and general security agreements.

f) Counselling and assistance for farmers program

Effective August 1, 1992, ACS assumed responsibility for loans and guarantees which were outstanding under the Counselling and assistance for farmers program. The Corporation did not issue new guarantees under this program. The existing guarantees had been renewed until March 31, 1995, at which time the program was terminated.

The majority of the loans under this program are in default, have had judgements obtained on them and bear interest at 5 per cent.

The loans are secured by way of an assignment of security from the original lender.

g) Other loans

The Corporation is continuing collection of cash advances made to cattle producers up to March 31, 1980, under Part VI, VII, VIII of the Regulations under The Agricultural Incentives Act.

The loans are secured by promissory notes.

5 Loans receivables

			2002			**2001**
	Gross **$**	**Allowance** **$**	**Net** **$**	**Gross** **$**	**Allowance** **$**	**Net** **$**
		(in thousands of dollars)			(in thousands of dollars)	
Capital loans	63,967	20,961	43,006	79,552	32,066	47,486
Investment loans	367	80	287	694	69	625
Production loans	1,781	981	800	2,526	1,297	1,229
Livestock cash advances	988	562	426	1,517	845	672
Spring seeding loans	24	10	14	54	17	37
Counselling and assistance for farmers loans	1,349	1,349	-	1,832	1,832	-
Other loans	-	-	-	1	1	-
	68,476	23,943	44,533	86,176	36,127	50,049

Agricultural Credit Corporation of Saskatchewan
Notes to Financial Statements
March 31, 2002

During the year, a number of the Corporation's customers refinanced their Production loans, Livestock cash advances, Spring seeding loans and Counselling and assistance for farmers loans under the Capital loan program.

6 Allowance for losses

	Loans $	Assets held for resale $	2002 $	2001 $
			(in thousands of dollars)	
Balance – Beginning of year	36,127	2,795	38,922	40,555
Losses, write-offs and recoveries	(2,533)	302	(2,231)	(2,265)
Loan loss (recovery) provision	(9,651)	-	(9,651)	632
Balance – End of the year	23,943	3,097	27,040	38,922

The allowance for loan losses for Capital loans, Production loans, Livestock cash advances, Spring seeding loans, Counselling and assistance for farmers loans and Other loans was funded by a grant from Province of Saskatchewan, Department of Agriculture and Food.

Based on the yearly analysis performed by management, a recovery of $9,651,000 was recorded. This recovery does not represent a cash surplus.

7 Assets held for resale

	2002 $	2001 $
	(in thousands of dollars)	
Cost	10,271	12,462
Allowance for losses	(3,097)	(2,795)
	7,174	9,667

8 Borrowing

Sections 17 and 19 of The Agricultural Credit Corporation of Saskatchewan Act allows the Corporation to borrow, with the approval of the Lieutenant Governor in Council, monies from various sources as it deems necessary for its purposes. Section 22 restricts total borrowing by the Corporation to $2,000,000,000.

Agricultural Credit Corporation of Saskatchewan
Notes to Financial Statements
March 31, 2002

a) Long-term debt

All long-term debt is repayable to the Province of Saskatchewan General Revenue Fund. Interest is payable semi-annually with principal due at maturity.

The following is the weighted average interest rates of this debt:

Year of Maturity	**2002**		**2001**	
	Amount due $	**Weighted average interest rate**	**Amount due $**	**Weighted average interest rate**
	(in thousands of dollars)		(in thousands of dollars)	
Debentures				
2002	-	-	33,000	15.75%
2003	20,434	15.89%	20,434	15.89%
2004	13,517	11.59%	13,517	11.59%
	33,951	14.2%	66,951	14.9%
Less: Equity in sinking fund	-		7,116	
	33,951		59,835	

b) Notes payable

	2002 $	**2001 $**
Notes payable	5,400	-

All notes payable are repayable to the Province of Saskatchewan General Revenue Fund.

Notes payable are due to the Province of Saskatchewan General Revenue Fund within 90 days. Interest is charged at 2.33 per cent.

Agricultural Credit Corporation of Saskatchewan

Notes to Financial Statements

March 31, 2002

9 Interest income

Interest income and dividend income:

	2002 $	2001 $
	(in thousands of dollars)	
Loans receivable	6,761	8,341
Interest recovery on impaired loans	369	46
Short-term investments	132	357
Sinking fund investments	254	7,104
	7,516	15,848

10 Guaranteed loans under The Agricultural Credit Corporation of Saskatchewan Act

The Corporation may provide guarantees to vendors under the Guaranteed Vendor Mortgage Program for the sale of farm land and existing improvements. The guarantees are for 100 per cent of the principal amount outstanding. The contingent liability of the Corporation for guaranteed vendor mortgages outstanding at March 31, 2002, was $391,800 (2001 – $453,707).

11 Related party transactions

Included in these financial statements are income and expense amounts resulting from routine operating transactions with various Saskatchewan crown-controlled departments, agencies and corporations with which the Corporation is related. Transactions with these parties are recorded at what management believes are normal market prices. Account balances from these transactions are included in the balance sheet and are settled on normal trade terms. Other transactions and amounts due to and from related parties and the terms of settlement are described separately in the financial statements and notes thereto.

Included in accounts receivable at March 31, 2002, is $0 (2001 – $276,500) from Saskatchewan Agriculture and Food to fund administration expenses. As well, at March 31, 2002, the Corporation owes $1,411,675 (2001 – $2,422,134) (included with interest and other accrued payables) to the Province of Saskatchewan General Revenue Fund for interest on long-term debt. In addition, included in cash and short-term investments is $0 (2001 - $3,173,320) of short-term investments held with the Department of Finance.

During the year, the Corporation was responsible for collection of inactive accounts on behalf of Saskatchewan Crop Insurance Corporation (SCIC) and Lands Branch. For these services, a commission of $54,892 (2001 - $181,008) was received from SCIC and paid back to Saskatchewan Agriculture and Food.

Agricultural Credit Corporation of Saskatchewan
Notes to Financial Statements
March 31, 2002

All administration expenses for the Corporation are paid for by Saskatchewan Agriculture and Food. These costs amounted to approximately $1,537,000 (2001 - $382,192).

12 Change in working capital other than cash

	2002 $	2001 $
	(in thousands of dollars)	
Decrease in accrued interest on loans receivable	3,341	644
Decrease in accrued interest on debt payable	(942)	(4,485)
Decrease in other non-cash items	2,493	1,913
Decrease (increase) in accounts receivable	290	(237)
Increase (decrease) in unexpended grant repayable	169	(15)
Decrease in other operating activities	(113)	(868)
	5,238	(3,048)

13 Financial instruments

Fair values

Estimated fair value approximates amounts at which financial instruments could be exchanged in an arm's length transaction between willing parties who are under no compulsion to act. Many of the Corporation's financial instruments lack an available trading market, so fair values are based on estimates using present value techniques that are affected by assumptions concerning the timing of future cash flows and discount rates. These estimates are subjective in nature and involve uncertainties and matters of significant judgement and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

The Corporation has determined the fair value of its financial instruments as follows:

a) Cash, short-term investments, accounts receivable, interest and other accrued payables:

The carrying amount on the balance sheet approximates fair value because of the short-term nature of these instruments.

b) Loans receivable:

Fair value was not established for the loan portfolio due to there being no established market for the developmental loans made by the Corporation. With no available market information and the diverse nature of the loan portfolio it was not deemed practicable to determine the fair value with sufficient reliability.

Agricultural Credit Corporation of Saskatchewan
Notes to Financial Statements
March 31, 2002

c) Notes payable and debentures payable:

The estimated fair values for all long-term debt obligations and the sinking fund are estimated using discounted cash flow analysis based on current incremental borrowing rates for similar borrowing arrangements. The estimated fair values of these financial instruments may not represent the amounts that could be realized upon settlement.

The estimated fair values of the Corporation's debt instruments are as follows:

	2002		2001	
	Carrying amount $	**Estimated fair value** $	**Carrying amount** $	**Estimated fair value** $
	(in thousands of dollars)		(in thousands of dollars)	
Debentures payable	33,951	37,243	66,951	72,897
Sinking fund	-	-	(7,116)	(7,116)
	33,951	37,243	59,835	65,781

Credit risk management

Credit risk arises from potential for borrowers to default on their contractual loan obligations. Credit exposure on the Corporation's loan portfolio is managed through appropriate due diligence and account administration. To minimize the credit risk associated with the loans the Corporation requires security agreements and personal guarantees on all loans.

Interest rate risk management

The Corporation manages interest rate risk by borrowing long-term debt through the Province of Saskatchewan General Revenue Fund at fixed interest rates and terms designated to match the average terms of the Corporation's loan portfolio.

14 Comparative figures

Certain of the prior year's comparative figures have been reclassified to conform to the current year's presentation.

Agricultural Credit Corporation of Saskatchewan
Schedule 1 – Grants from Province of Saskatchewan – Department of Agriculture and Food
For the year ended March 31, 2002

(in thousands of dollars)

As described in Note 2a, the following table summarizes grant activity for the year ended March 31, 2002.

	2002 $	2001 $
Appropriation approved	2,000	11,774
Appropriation not required	(1,300)	(973)
Appropriation repaid	(75)	-
Grant proceeds available	625	10,801
Expenditures		
Administration	-	2,601
Interest	7,718	23,465
Provision for losses	-	632
Less		
Interest income	(7,516)	(15,848)
Other income	-	(303)
	202	10,547
Unexpended grants repayable	423	254

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Agricultural Implements Board as at March 31, 2002 and the statements of operations and net financial assets, and cash flows for the year then ended. The Board's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
May 31, 2002

Fred Wendel, CMA, CA
Provincial Auditor

Statement 1

AGRICULTURAL IMPLEMENTS BOARD
STATEMENT OF FINANCIAL POSITION
As at March 31

	2002	2001
ASSETS		
Due from General Revenue Fund (Note 3)	$ 150,874	$ 141,745
Accrued interest receivable	738	1,914
	$ 151,612	$ 143,659
LIABILITIES AND NET FINANCIAL ASSETS		
Accounts payable	$ 5,000	$ 1,848
Deferred revenue	2,150	-
	7,150	1,848
Net financial assets (Statement 2)	144,462	141,811
	$ 151,612	$ 143,659

(See accompanying notes to the financial statements)

Statement 2

AGRICULTURAL IMPLEMENTS BOARD
STATEMENT OF OPERATIONS AND NET FINANCIAL ASSETS
For the Year Ended March 31

	2002	2001
Revenue:		
Assessment levies	$ 2,675	$ 2,975
Interest income	4,976	7,896
	7,651	10,871
Expenditure:		
Compensation payments	5,000	4,185
Investigations and hearings	-	1,361
	5,000	5,546
Surplus for the year	2,651	5,325
Net financial assets, beginning of year	141,811	136,486
Net financial assets, end of year - to Statement 1	$ 144,462	$ 141,811

(See accompanying notes to the financial statements)

Statement 3

AGRICULTURAL IMPLEMENTS BOARD
STATEMENT OF CASH FLOWS
For the Year Ended March 31

	2002	2001
Cash flows from operating activities:		
Cash receipts from distributors	$ 4,825	$ 2,975
Cash paid to claimants and employees	(1,848)	(3,699)
Interest received	6,152	7,682
Net increase in cash position	9,129	6,958
Due from General Revenue Fund, beginning of year	141,745	134,787
Due from General Revenue Fund, end of year	$ 150,874	$ 141,745

(See accompanying notes to the financial statements)

AGRICULTURAL IMPLEMENTS BOARD
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2002

1. Significant Accounting Policies

These financial statements are prepared in accordance with Canadian generally accepted accounting principles. The following accounting policies are considered significant.

a) Accrual Basis

The financial statements are prepared on the accrual basis of accounting.

b) Accrued Interest Receivable, Accounts Payable

The carrying value of accrued interest receivable and accounts payable approximates fair value.

c) Due from General Revenue Fund

The amount due from the General Revenue Fund is interest bearing as described in Note 3. The carrying value approximates fair value.

2. Authority

The Agricultural Implements Board is continued under *The Agricultural Implements Act*. Under this Act, a fund known as the Agricultural Implements Compensation Fund, through which all transactions reflected in these statements are conducted, is continued:

a) to pay compensation to farmers;

b) to defray the expenses of investigating and hearing claims for compensation under this Act; and

c) to maintain a reserve fund to pay compensation that may become payable in the future.

3. Due from General Revenue Fund

The Agricultural Implements Board's bank account is included in the Consolidated Offset Bank Concentration (COBC) arrangement for the Government of Saskatchewan.

Earned interest is calculated and paid by the General Revenue Fund on a quarterly basis using the Government's thirty-day borrowing rate (2002 average rate 3.41%; 2001 average rate – 5.59%) and the Agricultural Implements Board's average daily bank account balance.

4. Costs Borne by Related Parties

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies, boards and commissions related to the Board by virtue of common control by the Government of Saskatchewan.

The investigations and hearings expenditures of $0 (2001 - $1,361) were paid to the Department of Justice.

Salary and administration costs other than those in respect of investigations and hearings have been absorbed by various departmental appropriations and are therefore not reflected in these financial statements.

Other transactions with related parties and amounts due to or from them are described separately in these financial statements and the notes hereto.

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Agri-Food Equity Fund as at March 31, 2002 and the statements of revenue, expenditure and net financial assets, and cash flows for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
July 8, 2002

Fred Wendel, CMA, CA
Provincial Auditor

Statement 1

AGRI-FOOD EQUITY FUND
STATEMENT OF FINANCIAL POSITION
As at March 31

	2002	2001
FINANCIAL ASSETS		
Due from General Revenue Fund (Note 3)	$ 3,582,261	$ 2,278,439
Accounts receivable	17,008	48,056
Accrued interest and dividends receivable	110,800	220,041
Due from Department of Agriculture and Food (Note 9)	12,575,000	6,150,000
Investments (Note 4)	10,064,598	11,656,010
	$ 26,349,667	$ 20,352,546
LIABILITIES		
Loan payable (Note 8)	$ 22,824,557	$ 17,824,557
Net financial assets (Statement 2)	$ 3,525,110	$ 2,527,989

(See accompanying notes to the financial statements)

Statement 2

AGRI-FOOD EQUITY FUND
STATEMENT OF REVENUE, EXPENDITURE AND NET FINANCIAL ASSETS
Year Ended March 31

	Budget 2002	2002	2001
Revenue			
Grants from the Department of Agriculture and Food	$ 1,250,000	$ 6,425,000	$ 3,000,000
Interest and dividends	610,000	386,004	475,219
Gain on sale of investment	---	339,752	---
Administration fees	3,000	2,500	3,000
	1,863,000	7,153,256	3,478,219
Expenditure			
Provision for investment loss	1,250,000	6,156,135	2,546,695
Surplus for the year	$ 613,000	997,121	931,524
Net financial assets, beginning of year		2,527,989	1,596,465
Net financial assets, end of year - to Statement 1		$ 3,525,110	$ 2,527,989

(See accompanying notes to the financial statements)

Statement 3

AGRI-FOOD EQUITY FUND
STATEMENT OF CASH FLOWS
Year Ended March 31

	2002	2001
Cash flows from operating activities:		
Cash receipts from clients	$ 2,500	$ 3,000
Interest received from General Revenue Fund	106,652	87,560
Interest received from investments	394,341	137,167
Dividends received from investments	25,263	49,203
	528,756	276,930
Cash flows from financing activities:		
Loan from the General Revenue Fund	5,000,000	5,855,000
Cash flows from investing activities:		
Investments in Saskatchewan agriculture enterprises	(6,325,000)	(5,855,000)
Redemptions of investments	2,100,066	1,025,869
	(4,224,934)	(4,829,131)
Net increase in cash and cash equivalents	1,303,822	1,302,799
Cash and cash equivalents, beginning of year	2,278,439	975,640
Cash and cash equivalents, end of year	$ 3,582,261	$ 2,278,439

(See accompanying notes to the financial statements)

AGRI-FOOD EQUITY FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2002

1. Authority and Definition

The Agri-Food Equity Fund (Fund) operates pursuant to Section 17.2 of *The Department of Agriculture and Food Act* (Act) to promote and develop agriculture diversification in Saskatchewan. The Fund originated in 1994 as a division of the Agricultural Credit Corporation of Saskatchewan (ACS). The transfer of authority for the Fund to the Department of Agriculture and Food was effective September 22, 1997 by Order in Council 625/1997.

The Fund's mandate is to finance enterprises that promote the creation and expansion of agricultural enterprises in Saskatchewan. Investments may take the form of secured bonds, secured debentures and equity of the enterprise. Pursuant to regulations under the Act, the Fund is restricted to a maximum 49% investment in an enterprise's long-term debt or equity, up to $1 million unless authorized by the Minister. The total of all investments made by the Fund is limited to $35 million by the year 2003.

2. Significant Accounting Policies

The financial statements are prepared in accordance with Canadian generally accepted accounting principles. The following accounting principles are considered significant.

a) Basis of Accounting

The financial statements are prepared on the accrual basis of accounting.

b) Revenue Recognition

Interest and dividend revenue is recognized as follows:

i) When there is reasonable assurance of ultimate collection, revenue is recognized when earned.
ii) When there is uncertainty as to ultimate collection, revenue is recognized when received.

Grants from the Department of Agriculture and Food are recognized as revenue when they are received/receivable.

c) Investments

Investments are accounted for at cost.

d) Provision for Investment Loss

The provision for investment loss represents management's estimate of likely losses based upon an individual review of the investments. It is possible that changes in future conditions in the near term could require a material change in the provision.

3. Due from General Revenue Fund

The Fund's bank account is included in the Consolidated Offset Bank Concentration (COBC) arrangement for the Government of Saskatchewan.

The Fund's earned interest is calculated and paid by the General Revenue Fund on a quarterly basis using the Government's thirty-day borrowing rate (2002 average rate 3.41%; 2001 average rate 5.59%) and the Fund's average daily bank account balance. The Fund earned $93,634 (2001 - $105,548) in interest revenue from the General Revenue Fund. At yearend $17,008 (2001 - $30,026) of the interest receivable is included in accounts receivable.

4. Investments

Investments are comprised as follows:	2002	2001
Loans and debentures	$ 6,289,045	$ 9,173,436
Common shares	10,340,481	4,009,681
Preferred shares	5,753,105	4,874,801
	22,382,631	18,057,918
Less: provision for investment loss	(12,318,033)	(6,401,908)
	$ 10,064,598	$11,656,010

Investments include interest-bearing instruments at rates ranging from 6% to 15% with maturities extending to the year 2007. Loans and debentures also include $3.02 million (2001 - $1.32 million) in participating debentures. The profitability of the investee determines the repayment of principal and interest on the participating debentures.

5. Financial Instruments

The Fund has determined the fair value of its financial instruments as follows:

a) Due from General Revenue Fund, Due from Department of Agriculture and Food, accounts receivable, accrued interest and dividends receivable, and loan payable:

The carrying amounts on the statement of financial position approximate their fair value due to the short-term nature of these instruments.

b) Investments:

It is not practicable to determine fair values for the investment portfolio due to the lack of a market for these investments. An attempt to determine fair values would not be sufficiently reliable.

6. Credit and Investment Risk

Credit risk is inherent in lending and investment activities. The Fund is exposed to the types of credit risk, which are typical for any lending institution. However, the Fund operates in an environment of higher risk than the banking sector or other traditional financing institutions. This is, in part, because the Fund has a mandate to promote, encourage or contribute to the development of agriculture in Saskatchewan, which involves support for start-up operations, new companies' products at the commercialization stage, and expansions. The Fund also makes equity investments which, by definition, carry a higher risk. The Fund's risk spectrum is comparable to private venture capital.

7. Commitments

At year-end, the Fund had approved but not yet disbursed investments of $0.75 million (2001 - $2.4 million).

8. Loan Payable

The Fund borrows from the General Revenue Fund to fulfil its mandate. The loan is non-interest bearing with no fixed terms of repayment and is limited to a maximum of $35 million.

9. Related Party Transactions

All Government of Saskatchewan agencies such as departments, corporations, boards and commissions are related since they are all controlled by the Government. These financial statements include transactions with other Government agencies.

Financial assets include grants receivable of $12,575,000 (2001 - $6,150,000) due from the Department of Agriculture and Food to offset investment losses.

The Fund received use of office space and administrative services from the Department of Agriculture and Food without charge.

Other amounts due to and from related parties and the terms of settlement are described separately in these financial statements and the notes thereto.

10. Subsequent Event

On June 20, 2002 the *Department of Agriculture and Food Amendment Act, 2002* received royal assent. Provisions within this Act require the Agri-Food Equity Fund to wind up its operations and transfer its assets and liabilities to the Agricultural Credit Corporation of Saskatchewan. This Act is effective on the date that the Act is proclaimed. The Act has not yet been proclaimed.

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Agri-Food Innovation Fund as at March 31, 2002 and the statements of revenue, expenditure and net financial assets and cash flows for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The Fund received transfers from the General Revenue Fund under a shared-cost agreement with the federal government. The Fund recorded these transfers as revenue in the year they were received. However, transfers under shared-cost agreements should be recorded as revenue when the related eligible expenditures are incurred. Any transfers received in advance should be recorded as deferred revenue. Had the Fund properly recorded these transfers, revenue from the Government of Saskatchewan would have increased by $2,886,854 (2001 – $0) and the deficit for the year would have decreased by $2,886,854 (2001 – $0). Also, deferred revenue would have increased by $5,493,146 (2001 – $8,380,000) and net financial assets at the end of the year would have decreased by $5,493,146 (2001 – $8,380,000).

In my opinion, except for the effects of the failure to properly record the transfers as described in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
June 27, 2002

Fred Wendel, CMA, CA
Provincial Auditor

Statement 1

AGRI-FOOD INNOVATION FUND
STATEMENT OF FINANCIAL POSITION
As at March 31

	2002	2001
FINANCIAL ASSETS		
Due from General Revenue Fund (Notes 3 & 4)	$ 10,182,767	$ 13,980,248
Interest receivable (Notes 3 & 4)	51,244	192,586
Accounts receivable	99,760	212,007
Prepaid expenditure	2,171,731	2,624,140
	12,505,502	17,008,981
LIABILITIES		
Accounts payable	1,260,596	2,743,565
Deferred revenue	-	581,655
	1,260,596	3,325,220
NET FINANCIAL ASSETS (Statement 2)	$ 11,244,906	$ 13,683,761

(See accompanying notes to the financial statements)

Statement 2

AGRI-FOOD INNOVATION FUND
STATEMENT OF REVENUE, EXPENDITURE AND NET FINANCIAL ASSETS
Year Ended March 31

	2002	2001
Revenue		
Government of Canada (Note 6)	$ 2,858,990	$ 12,403,794
Interest revenue (Note 4)	420,218	731,146
Government of Saskatchewan		
- General Revenue Fund (Note 3)	-	150,000
Miscellaneous	27,781	18,349
Total revenue	3,306,989	13,303,289
Expenditure		
Contractual services - Strategic Projects	5,463,740	12,181,244
Board expenditures	14,484	40,497
Office supplies	1,637	21,315
Communication activities	265,983	179,088
Total expenditure	5,745,844	12,422,144
(Deficit) Surplus for the year	(2,438,855)	881,145
Net financial assets, beginning of year	13,683,761	12,802,616
Net financial assets, end of year - to Statement 1	$ 11,244,906	$ 13,683,761

(See accompanying notes to the financial statements)

Statement 3

AGRI-FOOD INNOVATION FUND
STATEMENT OF CASH FLOWS
Year Ended March 31

	2002	2001
Cash Flows from operating activities:		
Cash receipts from the Government of Canada	$ 89,788	$ 4,178,232
Cash refunds from contractors	41,929	18,349
Interest received	565,247	836,801
Cash paid to contractors and suppliers	(4,644,445)	(7,065,475)
Cash flows from operating activities	(3,947,481)	(2,032,093)
Cash Flows from financing activities:		
Cash receipts from the General Revenue Fund	150,000	---
Net decrease in cash and cash equivalents	(3,797,481)	(2,032,093)
Cash and cash equivalents, beginning of year (Note 2)	13,980,248	16,012,341
Cash and cash equivalents, end of year (Note 2)	$ 10,182,767	$ 13,980,248

(See accompanying notes to the financial statements)

AGRI-FOOD INNOVATION FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2002

1. Authority and Definition

The Agri-Food Innovation Fund was established effective March 31, 1995 pursuant to Section 3 of *The Agri-Food Innovation Act* as a corporation. The purpose of the Fund is to enhance the diversification of the Saskatchewan agriculture and food industry, support research and development and encourage farmers and rural residents to create economic opportunities and jobs. On September 25, 1995, the Government of Saskatchewan entered into the Canada-Saskatchewan Agri-Food Innovation Agreement (Agreement) with the Government of Canada to achieve this purpose.

The Fund is administered by the Agri-Food Innovation Fund Board.

The Board has entered into contracts with various contractors to carry out projects for the purpose outlined above.

2. Significant Accounting Policies

The financial statements are prepared in accordance with Canadian generally accepted accounting principles. The following accounting principles are considered significant:

a) Basis of Accounting

The Agri-Food Innovation Fund financial statements have been prepared on the accrual basis of accounting.

b) Revenue Recognition

Externally restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Funding received from the Federal Government is considered to be externally restricted and as a result is deferred until the program itself incurs expenditures.

Funding received from the Government of Saskatchewan is not considered to be externally restricted because the Fund is controlled by the Government.

c) Receivables/Payables

These financial instruments are both interest and non-interest bearing and are due or payable within the next year. Due to this short-term maturity, the carrying value of these financial instruments approximates fair value.

d) Cash and Cash Equivalents

Cash and cash equivalents are comprised of amounts due from the General Revenue Fund.

3. Related Party Transactions

All Government of Saskatchewan agencies such as departments, corporations, boards and commissions are related since they are all controlled by the Government. These financial statements include transactions with other Government agencies.

The Fund earned interest income of $420,218 (2001 - $731,146) on monies deposited in the General Revenue Fund. At year end, the Fund had monies deposited in the General Revenue Fund totalling $10,182,767 (2001 - $13,980,248).

Included in accounts receivable is $0 (2001 - $150,000) from Saskatchewan Agriculture and Food for the Spoke Site Endowment Project.

In accordance with Section 9 of *The Agri-Food Innovation Act*, the Minister of Agriculture, Food and Rural Revitalization may provide to the Fund any supplies and employee services required to carry out its responsibilities. The Fund received office space and administrative services from Saskatchewan Agriculture, Food and Rural Revitalization without charge.

Included in prepaid expenditures are amounts paid to related parties of $722,431 (2001 - $647,885) and included in accounts payable are amounts due to related parties of $96,653 (2001 - $155,106).

During the year, the Fund made payments totalling $1,340,117 (2001 - $3,075,754) to related parties.

Other transactions and amounts due to and from related parties and the terms of settlement are described separately in these financial statements and the notes thereto.

4. Due From General Revenue Fund

The monies of the Agri-Food Innovation Fund are deposited in the General Revenue Fund. The Agri-Food Innovation Fund's earned interest is calculated and paid by the

General Revenue Fund on a quarterly basis to the Agri-Food Innovation Fund using the Government's thirty-day borrowing rate and the Agri-Food Innovation Fund's daily balance. The average thirty-day borrowing rate for the year was 3.41% (2001 – 5.59%)

5. Comparison of Planned and Actual Results for the Year Ended March 31, 2002

	2001-02	
	Budget	Actual
Expenditures:		
Board expenditures	$ 18,000	$ 14,484
Office supplies	4,000	1,637
Contractual services - Strategic Projects	8,675,000	5,463,740
Communication activities	432,000	265,983
	$ 9,129,000	$ 5,745,844

The Board approved the budget for expenditures at its February 22, 2001 meeting.

6. Federal Government Funding

Canada contributed $2,277,335 (2001 - $7,597,289) in the year under Section 5.3 of the Agreement. Under the Agreement, interest accrues on Canada's contributions until they are spent. Canada's contributions include interest of $3,686 (2001 - $85,780).

When the Agri-Food Innovation Fund Board approves a designated federal agency to carry out a project or program, the funding is provided to the agency by Canada. The project or program revenues and expenditures are recorded in the Fund. Included in revenue and expenditure on the Statement of Revenue, Expenditure and Net Financial Assets is $2,173,889 (2001 - $3,326,852) for projects funded directly by Canada.

7. Commitments

At March 31, 2002, the Board had approved Strategic Projects that will be expended in future years.

March 31, 2003	$ 9,072,461
March 31, 2004	1,059,318
March 31, 2005	932,693
	$ 11,064,472

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Cattle Marketing Deductions Fund as at March 31, 2002 and the statements of revenues, expenditures and net financial assets, and cash flows for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred Wendel, CMA, CA
Provincial Auditor

Regina, Saskatchewan
June 26, 2002

Statement 1

CATTLE MARKETING DEDUCTIONS FUND
STATEMENT OF FINANCIAL POSITION
As at March 31

	Provincial Account		National Account		Total	
	2002	2001	2002	2001	2002	2001
Financial Assets						
Due from General Revenue Fund (Note 8)	$ 3,552,127	$ 2,834,194	$ 385,241	$ 364,462	$ 3,937,368	$ 3,198,656
Accounts receivable	167,287	200,451	172,435	206,798	339,722	407,249
Accrued interest receivable	19,727	44,902	—	—	19,727	44,902
	$ 3,739,141	$ 3,079,547	$ 557,676	$ 571,260	$ 4,296,817	$ 3,650,807
Liabilities						
Grants payable	$ 58,952	$ 39,777	$ 385,241	$ 372,027	$ 444,193	$ 411,804
Accounts payable	47,622	51,492	—	—	47,622	51,492
	106,574	91,269	385,241	372,027	491,815	463,296
Net financial assets (Statement 2)	$ 3,632,567	$ 2,988,278	$ 172,435	$ 199,233	$ 3,805,002	$ 3,187,511

(See accompanying notes to the financial statements)

Statement 2

CATTLE MARKETING DEDUCTIONS FUND
STATEMENT OF REVENUES, EXPENDITURES AND NET FINANCIAL ASSETS
Year Ended March 31

	Budget	Provincial Account		National Account		Total	
	2002 (Note 5)	2002	2001	2002	2001	2002	2001
Revenues							
Deductions (Note 1)	$ 1,450,000	$ 1,521,971	$ 1,437,952	$ 1,521,960	$ 1,437,952	$ 3,043,931	$ 2,875,904
Less: Commissions	50,000	44,684	42,332	—	—	44,684	42,332
Refund of deductions	115,000	111,609	97,613	—	—	111,609	97,613
Net deductions	1,285,000	1,365,678	1,298,007	1,521,960	1,437,952	2,887,638	2,735,959
Interest (Note 8)	80,000	114,621	186,121	—	—	114,621	186,121
Miscellaneous revenue	—	—	—	—	—	—	—
Total revenue	1,365,000	1,480,299	1,484,128	1,521,960	1,437,952	3,002,259	2,922,080
Expenditures							
Grants	800,000	818,150	574,708	1,548,758	2,649,541	2,366,908	3,224,249
Administration (Note 3)	16,000	15,000	15,000	—	—	15,000	15,000
Advisory Committee and other expenses	2,500	2,860	3,145	—	501	2,860	3,646
Total expenditure	818,500	836,010	592,853	1,548,758	2,650,042	2,384,768	3,242,895
Surplus (deficit) for the year	$ 546,500	644,289	891,275	(26,798)	(1,212,090)	617,491	(320,815)
Interfund Transfer (Note 6)		—	1,100,000	—	(1,100,000)	—	—
Net financial assets, beginning of year		2,988,278	997,003	199,233	2,511,323	3,187,511	3,508,326
Net financial assets, end of year (Statement 1)		$ 3,632,567	$ 2,988,278	$ 172,435	$ 199,233	$ 3,805,002	$ 3,187,511

(See accompanying notes to the financial statements)

Statement 3

CATTLE MARKETING DEDUCTIONS FUND
STATEMENT OF CASH FLOWS
Year Ended March 31

	2002	2001
Cash flows from operating activities:		
Receipts from deductions	$ 3,066,774	$ 2,773,966
Payments to suppliers	(18,576)	(18,646)
Grant payments	(2,334,519)	(3,037,964)
Refunds paid	(114,763)	(92,416)
Interest received	139,796	184,808
Cash flows from operating activities	738,712	(190,252)
Net (decrease) increase in cash and cash equivalents	738,712	(190,252)
Due from General Revenue Fund, beginning of year	3,198,656	3,388,908
Due from General Revenue Fund, end of year	$ 3,937,368	$ 3,198,656

(See accompanying notes to the financial statements)

CATTLE MARKETING DEDUCTIONS FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2002

1. Legislative Authority

The Cattle Marketing Deductions Fund (Fund) was established under *The Cattle Marketing Deductions Act* and continues under *The Cattle Marketing Deductions Act, 2000* (Act). The Act established two accounts, the Provincial Account and the National Account. The purpose of the National Account is to provide grants to promotion-research agencies established pursuant to the *Farm Products Agencies Act* (Canada) for the development, expansion, and promotion of the cattle industry. The purpose of the Provincial Account is to discharge expenses incurred in the administration of the Act and to fund programs, projects, and policies related to the development, improvement and promotion of the cattle industry.

The purpose of the Fund is to develop, improve and promote the cattle industry. The Fund has an Advisory Committee appointed by the Minister of Agriculture, Food and Rural Revitalization which approves the payment of grants to agencies who develop, improve and promote the cattle industry.

Pursuant to subsection 3 of *The Cattle Marketing Deductions Regulations, 1998*, dealers deduct and pay the Fund $2.00 per head from the proceeds for cattle sold. The National Account receives $1.00 a head without any deduction for the dealer's commission. The Provincial Account receives $1.00 a head less the dealer's commission of $0.03 per head.

Section 12 of the Act provides for the refund of deductions apportioned to the Provincial Account. Any person may claim a refund of deductions for a calendar year by filing a claim by January 31 of the following year.

The Act also allows the Minister to provide grants for promotion and research to organizations that represent the national interests of the cattle industry. The Department of Agriculture and Food negotiated agreements with organizations that represent the national interests of the cattle industry to provide grants for promotion and research out of the National Account. (See Note 6)

2. Significant Accounting Policies

The financial statements are prepared in accordance with Canadian generally accepted accounting principles. The following accounting policies are considered significant.

a) Revenue

Deductions revenue and related commissions are recognized when the cattle are sold.

b) Grants

Grants are recorded as expenditures when approved and when the eligibility criteria, if any, have been met by the recipient.

3. Related Party Transactions

These financial statements include transactions with related parties. The Fund is related to all Saskatchewan Crown agencies such as departments, corporations, agencies, boards and commissions under common control of the Government of Saskatchewan. Also, the Fund is related to non-Crown enterprises that the Government jointly controls or significantly influences.

The Fund paid $466,560 (2001 - $160,000) in grants to the University of Saskatchewan.

The Livestock Services Revolving Fund provides administrative services to the Fund for an annual fee of $15,000 (2001 - $15,000).

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and the notes thereto.

4. Commitments

At year end, the Fund's Advisory Committee had approved grants from the Provincial Account totalling $857,838 (2001 - $1,086,801) for payment in the following years.

2003	$617,838
2004	$240,000

Included in these amounts are $365,000 and $240,000 committed to the University of Saskatchewan for 2003 and 2004 respectively.

Also, the Fund is committed to pay all moneys collected for the National Account in 2003 to promotion and research agencies that represent the national interests of the cattle industry.

5. 2001/02 Budget

The Advisory Committee approved the 2001/02 budget for the Provincial Account on January 26, 2001.

6. Interfund Transfer

Prior to 2001, the Provincial Account contributed money totalling $1,100,000 to National research agencies and expensed this amount as grant expense in the Provincial Account. In 2001, the Fund recovered these grants from the National Account as these grants were made to organizations that represent the national interests of the cattle industry.

7. Financial Instruments

Accounts receivable, accrued interest receivable, grants payable, and accounts payable are non-interest bearing and are due or payable within the next year. Due from General Revenue Fund is interest bearing and due within the next year. Due to this short-term maturity, the fair values of these instruments approximate their carrying values.

8. Due from General Revenue Fund

The Fund's money is held in the General Revenue Fund. Interest is calculated on the Fund's daily balance using the Government's thirty-day borrowing rate and is credited to the Provincial Account on a quarterly basis. The Government's average thirty-day borrowing rate for 2001/02 was 3.41% (2000/01 - 5.59%).

Schedule 1

CATTLE MARKETING DEDUCTIONS FUND
DETAILED LIST OF EXPENDITURES (UNAUDITED)
Year Ended March 31

	2002	2001
Personal Services		
Payees under $2,500	$ 1,080	$ 1,125
Travel		
Other	1,780	2,521
Grants		
Canadian Cattlemen's Association:		
National Beef Information Centre	929,255	1,249,725
Operating Expenses	183,009	260,963
University of Saskatchewan:		
Saskatchewan Stock Growers Association	4,000	—
Veterinary Infectious Disease Organization	180,000	75,000
Dairy Cattle Feeding Project	60,000	60,000
Western Beef Development Centre	226,560	25,000
Canada Beef Export Federation	489,627	1,024,862
Saskatchewan Beef Information Centre	48,500	48,500
Foundation for Animal Care	5,000	5,000
Saskatchewan Cattle Feeders' Association	29,400	2,500
Saskatchewan Stock Growers' Association	41,500	82,500
Semiarid Prairie Agricultural Research Centre	15,181	15,245
Beef Cattle Research Council	154,876	374,954
	2,366,908	3,224,249
Supplier Payments		
Payees under $20,000	15,000	15,000
Total	$ 2,384,768	$ 3,242,895

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AUDITORS' REPORT

To the Members of the Legislative Assembly
Province of Saskatchewan

We have audited the balance sheet of Crop Reinsurance Fund of Saskatchewan as at March 31, 2002 and the statement of operations and net assets for the year then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. These standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Regina, Canada
April 25, 2002

KPMG LLP, a Canadian owned limited liability partnership established under the laws of Ontario, is the Canadian member firm of KPMG International, a Swiss association.

Crop Reinsurance Fund of Saskatchewan

Balance Sheet

March 31, 2002 with comparative figures for 2001

	2002	2001
Assets		
Due from Province of Saskatchewan General Revenue Fund (note 3)	$118,892,187	$102,959,289
Reinsurance premium receivable from Saskatchewan Crop Insurance Corporation	627,888	1,443,547
	$119,520,075	$104,402,836
Net assets	$119,520,075	$104,402,836

See accompanying notes to financial statements.

On behalf of the Board:

Chairperson

Vice-Chairperson

Crop Reinsurance Fund of Saskatchewan

Statement of Operations and Net Assets

Year Ended March 31, 2002 with comparative figures for 2001

	2002	2001
Revenue		
Premium ceded from the Saskatchewan Crop Insurance Corporation	$ 15,117,239	$ 13,304,703
Net assets, beginning of year	104,402,836	91,098,133
Net assets, end of year	$119,520,075	$104,402,836

See accompanying notes to financial statements.

Crop Reinsurance Fund of Saskatchewan

Notes to Financial Statements

of the Crop Reinsurance Fund of Saskatchewan
March 31, 2002

1. Status of the fund:

The Canada - Saskatchewan Crop Insurance Agreement between the Government of the Province of Saskatchewan and the Government of Canada provides for the establishment of two reinsurance funds:

a) The Crop Reinsurance Fund of Saskatchewan which is administered by the Government of the Province of Saskatchewan, and

b) The Crop Reinsurance Fund of Canada for Saskatchewan which is administered by the Government of Canada.

2. Significant accounting policies:

Premium ceded from the Saskatchewan Crop Insurance Corporation:
Under the terms of the agreement referred to in note 1, the Saskatchewan Crop Insurance Corporation is required to pay reinsurance premiums to the reinsurance funds based on premiums received during the insurance year.

Liability for claim payments from the reinsurance funds:
Under the terms of the agreement referred to in note 1, payments are required from the reinsurance funds if indemnities which were required to be paid in an insurance year exceeded the aggregate of:

a) the premium receipts for the year less reinsurance premiums ceded, and

b) the net assets of the Saskatchewan Crop Insurance Corporation's Crop Insurance Fund.

To the extent that payments were required out of the reinsurance funds, the Crop Reinsurance Fund of Saskatchewan or the Government of the Province of Saskatchewan General Revenue Fund was responsible firstly for an amount not exceeding 2 ½% of the total liability under policies in force in the insurance year.

The balance of indemnities to be paid were shared 75% by Canada and 25% by Saskatchewan out of the respective reinsurance funds, excepting that Saskatchewan was not responsible for any amounts described in the preceding paragraph if its reinsurance deficit exceeded 16⅔% of the total liability under policies of insurance in force in that year.

Use of estimates:
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Actual results could differ materially from those estimated.

3. Due from Province of Saskatchewan General Revenue Fund:

The Crop Reinsurance Fund bank account is included in the Consolidated Offset Bank Concentration arrangement for the Government of the Province of Saskatchewan.

Interest earned on these funds is not allocated to the Crop Reinsurance Fund.

4. Statement of cash flows:

A statement of cash flows has not been prepared as a separate statement would not provide additional, useful information.

5. Fair value of financial assets:

The carrying amounts of the following financial assets and liabilities approximate fair value due to their short term nature:

- Due from the Province of Saskatchewan General Revenue Fund.
- Reinsurance premium receivable from the Saskatchewan Crop Insurance Corporation.

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Horned Cattle Fund as at March 31, 2002 and the statements of revenues, expenditures and net financial assets, and cash flows for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred Wendel, CMA, CA
Provincial Auditor

Regina, Saskatchewan
June 26, 2002

Statement 1

HORNED CATTLE FUND
STATEMENT OF FINANCIAL POSITION
As at March 31

	2002	2001
Financial Assets:		
Due from General Revenue Fund (Note 3)	$ 178,742	$ 187,702
Accounts receivable (Note 5)	45,704	47,830
Accrued interest receivable	1,021	2,717
	$ 225,467	$ 238,249
Liabilities:		
Accounts payable	$ ---	$ 220
Net financial assets (Statement 2)	$ 225,467	$ 238,029

(See accompanying notes to the financial statements)

Statement 2

HORNED CATTLE FUND
STATEMENT OF REVENUES, EXPENDITURES AND NET FINANCIAL ASSETS
Year Ended March 31

	Budget 2002 (Note 7)	Actual 2002	Actual 2001
Revenues			
Deductions	$ 132,000	$ 133,272	$ 141,914
Less Commissions	2,000	2,297	2,383
Net deductions	130,000	130,975	139,531
Cattle sales	320,000	257,460	160,905
Interest revenue (Note 3)	5,000	6,562	10,065
Total revenue	455,000	394,997	310,501
Expenditures			
Grants	100,000	75,000	93,599
Project operating costs (Note 6)	320,000	257,460	160,905
Administration (Note 9)	15,100	15,000	15,000
Cattle purchases (Note 6)	---	55,000	---
Advisory Committee and other expenses	2,500	5,099	1,616
Total expenditures	437,600	407,559	271,120
Surplus for the year	$ 17,400	(12,562)	39,381
Net financial assets, beginning of year		238,029	198,648
Net financial assets, end of year (Statement 1)		$ 225,467	$ 238,029

(See accompanying notes to the financial statements)

Statement 3

HORNED CATTLE FUND
STATEMENT OF CASH FLOWS
Year Ended March 31

	2002	2001
Cash flows from operating activities:		
Receipts from deductions	$ 133,056	$ 138,767
Receipts from cattle sales	257,460	160,905
Payments to suppliers and Advisory Committee	(332,734)	(273,963)
Grant payments	(75,000)	(93,599)
Interest and other receipts	8,258	9,577
Cash flows from operating activities	(8,960)	(58,313)
Net (decrease) increase in cash and cash equivalents	(8,960)	(58,313)
Due from General Revenue Fund, beginning of year	187,702	246,015
Due from General Revenue Fund, end of year	$ 178,742	$ 187,702

(See accompanying notes to the financial statements)

HORNED CATTLE FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2002

1. Legislative Authority

The Horned Cattle Fund is continued under *The Horned Cattle Purchases Act*. The purpose of the Fund is to promote research and development in the livestock industry. The Fund is administered by an Advisory Committee established under the Act. The Committee authorizes all expenditures from the Fund subject to the approval of the Minister of Agriculture, Food and Rural Revitalization.

Dealers purchase cattle with horns from producers at market prices. Section 3 of *The Horned Cattle Purchases Act* requires the dealers pay the producers' market price less $2.00 for each head of cattle sold with horns. Subsection 5(1) of *The Horned Cattle Purchases Regulations, 1983* requires dealers to submit the $2.00 deducted for each head of cattle less a $0.03 per head dealer commission to the Fund.

2. Significant Accounting Policies

These financial statements are prepared in accordance with Canadian generally accepted accounting principles. The following accounting policies are considered significant:

a) Revenue

Deductions revenue and related commissions are recognized when the cattle are sold.

b) Grants

Grants are recorded as expenditures when approved and when the eligibility criteria, if any, have been met by the recipient.

c) Cattle

Cattle are sold on a regular basis from the cattle herd at the Western Beef Development Centre. The revenue is recognized when the cattle are sold.

Cattle purchases are made for the purpose of research and development to improve the livestock industry. Cattle are recorded as expenditures when purchased.

The estimated realizable value of the cattle herd at the Western Beef Development Centre at year-end is $338,009 (2001 - $307,350).

3. Due from General Revenue Fund

The Fund's money is held in the General Revenue Fund. Interest is calculated on the Fund's daily balance using the Government's thirty-day borrowing rate and is credited to the Fund on a quarterly basis. The Government's average thirty-day borrowing rate for 2001/02 is 3.41% (2000/01 is 5.59%).

4. Commitments

At year-end, the Fund's Advisory Committee approved grants totalling $88,890 (2001 - $70,000) for payment in the following years:

2003	$51,390
2004	$37,500

Included in these amounts is $37,500 per year committed to the University of Saskatchewan.

5. Swift Current Project

The Swift Current Project was established under a 1998 agreement with Agriculture Canada. The project will end on October 31, 2003. Under the agreement, Agriculture Canada carries out beef forage research on cattle provided by the Fund at the beginning of the project to the Swift Current Research Station (Station). The Station uses proceeds from the sale of cattle to pay for feed and care of the cattle that it uses in its research. Upon termination of the agreement, $30,000 will be paid to the Fund by the Station and the remaining assets will revert to Agriculture Canada. Included in the Fund's accounts receivable is $30,000 receivable from the Station.

All activities related to the cattle are those of the Station and are not shown in these financial statements.

6. Western Beef Development Centre

The Minister of Agriculture, Food and Rural Revitalization entered into an agreement with the Western Beef Development Centre (WBDC) on November 1, 2001. This agreement expires on November 30, 2006. The agreement provides for the Fund to loan cattle to WBDC for research purposes. At the conclusion of the agreement, all funds remaining in the account and a minimum of 300 head of cattle are to be returned to the Fund. The Fund provides money from its cattle sales to WBDC to pay for the following research costs:

	Western Beef Development Centre	
	2002	2001
Salaries	$ 101,680	$ 33,492
Feed supplements	56,420	75,068
Tillage, seeding and manure removal	26,490	7,215
Miscellaneous	22,230	1,233
Veterinary services and supplies	11,230	6,311
Utilities, license & insurance	10,390	6,047
Equipment and building repairs	9,950	18,529
Trucking and travel	7,110	2,339
Municipal taxes	6,400	4,325
Fuel	5,060	4,016
Cattle purchases	400	505
Equipment rental	100	1,825
	$ 257,460	$ 160,905

Included in salaries above is $61,312 (2001 - $ nil) of WBDC head office salary costs allocated to the Fund.

Also, during the year, the Fund purchased $55,000 of additional cattle from WBDC's own herd for research purposes.

7. 2001/02 Budget

The Advisory Committee approved the 2001/02 budget on January 25, 2001.

8. Financial Instruments

Accounts receivable, accrued interest and accounts payable are non-interest bearing and are due or payable within the next year. Due from General Revenue Fund is interest bearing and due within the next year. Due to this short-term maturity, the fair value of these instruments approximates the carrying value.

9. Related Party Transactions

These financial statements include transactions with related parties. The Fund is related to all Saskatchewan Crown agencies such as departments, corporations, agencies, boards and commissions under common control of the Government of Saskatchewan. Also, the Fund is related to non-Crown enterprises that the Government jointly controls or significantly influences.

The Fund paid grants of $37,500 (2001 - $71,099) to the University of Saskatchewan.

Livestock Services Revolving Fund provides administrative services to the Fund for an annual fee of $15,000 (2001 - $15,000).

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and the notes thereto.

10. Subsequent Event

On June 20, 2002, *The Horned Cattle Purchases Amendment Act, 2002* (Act) was assented to by the Lieutenant Governor of Saskatchewan. This Act contains amendments to the current legislation. The deductible amount will increase from $2 per head to $10 per head of cattle sold with horns. The increase will be effective when the Act is proclaimed. The Act has not yet been proclaimed.

LOIS A. JOHNSON, C.M.A.
CERTIFIED MANAGEMENT ACCOUNTANT
P.O. Box 22, R.R. 1
Delisle, Sask. SOL 0P0
Phone: 493-2690

To the Members

I have audited the statement of financial position of the Irrigation Crop Diversification Corporation as at March 31, 2002 and the statement of revenues for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit also includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2002 and the results of its operations for the year then ended in accordance with generally accepted accounting principles.

Delisle, Saskatchewan
May 20, 2002

Lois A. Johnson CMA

Irrigation Crop Diversification Corporation
Balance Sheet
As at March 31, 2002

ASSETS:	2002	2001
CU Membership	$ 5.00	$ 135.69
Cash and Bank	20,585.18	77,538.77
Short Term Investments	174,586.56	101,736.48
GST Receivable	1.146.36	
Accounts Receivable	2,279.55	3,461.70
	$ 198,602.65	$ 182,872.64
LIABILITIES AND MEMBERS' EQUITY:		
GST payable	$ -	$ 7,129.79
Prepaid Member Levies	-	809.91
Contracts Payable	-	
MEMBERS' EQUITY:		
Members' Equity	198,602.65	174,932.94
	$ 198,602.65	$ 182,872.64

Irrigation Crop Diversification Corporation
Statement of Surplus
As at March 31, 2002

Opening Balance	$ 174,932.94
From operations	23,669.71
Ending Balance	$ 198,602.65

Irrigation Crop Diversification Corporation
Statement of Revenue and Expenditure
For the year ended March 31, 2002

REVENUE:	2002	2001
Member Levies	$ 28,924.89	$ 29,449.55
Non District Levies	32,710.28	32,710.28
Project Funding	-	8,079.75
Crop Management Project Fees	514.03	1,841.15
Forage Management Project Fees	654.22	981.33
Interest	2,984.15	3,585.51
Total Revenue	$ 65,787.57	$ 76,647.57
EXPENDITURE:		
Project Costs	$ 36,894.00	$ 18,329.58
Professional Fees	530.00	500.00
Crop Management Testing	368.50	1,283.49
Uncollectible Levies	993.84	
Forage Management Testing	2,993.44	8,319.50
Office Expense	338.08	50.00
Total Expenditure	$ 42,117.86	$ 28,482.57
Net Surplus for the Period	$ 23,669.71	$ 48,165.00

Irrigation Crop Diversification Corporation
Changes in Financial Position
As at March 31, 2002

Opening Cash	$ 179,410.94
From Operation	23,669.71
Increase in Accounts Receivable	35.79+
Increase in Accounts Payable	7,939.70-
Closing Cash	$ 195,176.74

Irrigation Crop Diversification Corporation
Notes to Financial Statements
At March 31, 2002

The objects and purposes of ICDC are:

a) to research and demonstrate to producers and irrigation districts profitable agronomic practices for irrigated crops;

b) to develop or assist in developing varieties of crops suitable for irrigated conditions;

c)to develop or assist in developing varieties of crops suitable for irrigated conditions; to provide means to researchers to conduct research into related technology, cropping systems and conservation measures under irrigation and to provide information respecting their research to members irrigation districts and the public;

d) to co-operate with SIPA, the minister and Sask Water Corporation in promoting and developing sustainable irrigation in Saskatchewan.

2. There are no restricted funds in the possession of the Corporation.

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the balance sheet of the Milk Control Board as at December 31, 2001 and the statements of revenue, expenses and net assets, and cash flows for the year then ended. The Board's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred Wendel, CMA, CA
Acting Provincial Auditor

Regina, Saskatchewan
March 22, 2002

Statement 1

MILK CONTROL BOARD
BALANCE SHEET
As at December 31

	2001	2000
ASSETS		
Cash	$ 1,476,427	$ 1,177,290
Accounts receivable	7,557,511	6,335,167
	9,033,938	7,512,457
Capital assets (Note 3)	14,164	20,101
	$ 9,048,102	$ 7,532,558
LIABILITIES AND NET ASSETS		
Accounts payable	$ 8,826,115	$ 7,317,731
Net assets (Statement 2)	221,987	214,827
	$ 9,048,102	$ 7,532,558

Statement 2

MILK CONTROL BOARD
STATEMENT OF REVENUE, EXPENSES AND NET ASSETS
Year Ended December 31

	Budget 2001 (Note 6)	Actual 2001	Actual 2000 (Note 7)
Revenue:			
Milk sold to processors	$115,800,000	$119,047,828	$119,152,584
Special Class Pool and Western Milk Pool (Note 4)	1,200,000	5,248,707	1,171,887
Milk Pool administration and assessment fees	690,000	687,460	686,016
Interest	100,000	93,128	106,778
Milk quality penalties	90,000	112,687	88,023
Licence fees and miscellaneous	5,000	4,277	2,525
	117,885,000	125,194,087	121,207,813
Expenses:			
Milk purchased from producers	117,000,000	124,296,535	120,324,472
Salaries	320,000	331,373	439,900
Milk pool administration expense	120,000	123,187	119,897
Cost of production study	27,000	27,814	26,479
Travel, sustenance and vehicle expense	120,000	110,122	145,638
Rent	48,000	49,090	47,955
Administrative expense	39,000	45,107	57,139
Employee benefits	40,000	44,058	45,444
Disposal of unsaleable milk	50,000	79,994	90,803
Honoraria	52,000	49,621	45,176
Legal	20,000	24,089	8,998
Amortization	5,000	5,937	6,792
	117,841,000	125,186,927	121,358,693
Surplus (Deficit) for the year	$ 44,000	7,160	(150,880)
Net assets, beginning of year		214,827	365,707
Net assets, end of year - to Statement 1		$ 221,987	$ 214,827

(See accompanying notes to the financial statements)

Statement 3

MILK CONTROL BOARD
STATEMENT OF CASH FLOWS
Year Ended December 31

	2001	2000
Cash Flows From Operating Activities:		
Cash receipts from customers	$ 123,875,706	$120,642,546
Cash paid to suppliers and employees	(123,622,985)	(120,866,390)
Other	46,416	62,118
Cash flows from (used in) operating activities	299,137	(161,726)
Cash Flows From Investing Activities:		
Purchase of capital assets	---	(5,174)
Net increase (decrease) in cash during the year	299,137	(166,900)
Cash position, beginning of year	1,177,290	1,344,190
Cash position, end of year	$ 1,476,427	$ 1,177,290

(See accompanying notes to the financial statements)

MILK CONTROL BOARD
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2001

1. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The significant accounting policies are as follows:

a) Accrual Accounting

The financial statements are prepared on the accrual basis of accounting.

b) Capital Assets

Office furniture and equipment is recorded at cost less accumulated amortization.

Office furniture and equipment is amortized over its estimated useful life using the straight-line method at 20% per annum.

c) Accounts Receivable and Accounts Payable

These financial instruments are non-interest bearing and are due or payable within the next year. Due to this short-term maturity, the carrying value of these financial instruments approximates fair value.

2. Incorporation

The Milk Control Board (Board) is continued as a body corporate under *The Milk Control Act, 1992* (Act). The Board has authority to make any regulations or orders in connection with the production, supply, distribution and sale of milk.

The Board is responsible under the Act for the control and regulation of the marketing of milk in the Province. In fulfilling this responsibility, the Board operates a milk pooling system whereby the Board purchases all milk produced in the Province and sells it to processors. The Board's agent, Agrifoods International Cooperative Limited (formerly Dairyworld Foods Limited), administers the necessary collections and payments. The purchase price paid by the Board is based on the quality and quantity of milk shipped by producers and on the value of milk sold to processors. The value of milk sold to processors is determined by its final product use and prices established by the Board.

3. Capital Assets

	Cost	Accumulated Amortization	2001 Net Book Value	2000 Net Book Value
Office furniture and equipment	$50,388	$36,224	$14,164	$ 20,101

4. Industrial and Special Class Pool and Western Milk Pool

Effective August 1, 1995 (and continued August 1, 2000), the Board entered into an arrangement with its counterparts in Prince Edward Island, Nova Scotia, New Brunswick, Newfoundland (effective August 2001), Quebec, Ontario, Manitoba, Alberta, and British Columbia and the Canadian Dairy Commission (CDC). This arrangement provides for pooling of revenues from sales of milk components in industrial and special classes of milk sold in domestic and external markets. CDC administers the Industrial and Special Class Pool.

Effective March 1, 1997, the Board entered into an arrangement with its counterparts in British Columbia, Alberta and Manitoba and CDC. This arrangement provides for pooling of revenues from sales of milk in all classes including the Special Class Pool amount for the four western provinces. The purpose of the arrangement is to pool producer returns as if the western provinces constituted a single market. CDC administers the Western Milk Pool.

Based on each province's monthly utilization, CDC will either distribute a portion of, or require a contribution to, the Industrial and Special Class Pool and Western Milk Pool.

5. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies, boards and commissions related to the Board by virtue of common control or significant influence by the Government of Saskatchewan.

Routine operating transactions with related parties are recorded at the standard rates charged by those organizations and are settled on normal trade terms. These transactions are as follows:

	2001	2000
Various expenses	$ 63,620	$ 75,112

In addition, the Board pays Provincial Sale Tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

6. Budget

The budget for the 2001 year was approved by the Board on February 5, 2001.

7. Comparative Figures

Certain comparative figures have been reclassified to conform to the current year's financial statement presentation.

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the balance sheet of the Prairie Agricultural Machinery Institute as at March 31, 2002 and the statements of revenue, expenses and net assets, and cash flows for the year then ended. The Institute's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Prairie Agricultural Machinery Institute as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
June 14, 2002

Fred Wendel, CMA, CA
Provincial Auditor

Statement 1

PRAIRIE AGRICULTURAL MACHINERY INSTITUTE
BALANCE SHEET
As at March 31

	2002	2001
ASSETS		
Current:		
Accounts receivable	$ 944,220	$ 1,480,022
Prepaid expenses	49,731	50,863
	993,951	1,530,885
Restricted cash	353,943	180,219
Capital assets (Note 4)	3,452,198	3,598,916
	$ 4,800,092	$ 5,310,020
LIABILITIES AND NET ASSETS		
Current:		
Bank indebtedness (Note 8)	$ 19,013	$ 167,329
Due to General Revenue Fund (Note 3)	111,660	426,396
Accounts payable and accrued liabilities	321,009	369,162
Unearned revenue	232,315	124,902
	683,997	1,087,789
Deferred capital grants (Note 5)	2,168,198	1,963,566
Due to Government of Alberta (Note 6)	42,351	61,451
	2,210,549	2,025,017
	2,894,546	3,112,806
Net assets (Statement 2)	1,905,546	2,197,214
	$ 4,800,092	$ 5,310,020

Commitments and contingencies (Note 7 and 12)

(See accompanying notes to the financial statements)

Statement 2

PRAIRIE AGRICULTURAL MACHINERY INSTITUTE
STATEMENT OF REVENUE, EXPENSES AND NET ASSETS
Year Ended March 31

	Budget (Note 11)	2002	2001
Revenue			
Provincial transfers:			
Saskatchewan - General Revenue Fund - Department of Agriculture and Food	$ 768,000	$ 768,000	$ 768,000
Manitoba - Consolidated Fund - Department of Agriculture	332,500	332,500	332,500
	1,100,500	1,100,500	1,100,500
Fee for service	3,220,000	2,818,288	2,955,481
Subscription income	15,000	24,120	47,145
Government Capital Grants (Note 5)	-	95,368	177,716
Interest income	10,000	16,208	26,375
Other income	9,000	7,504	20,870
Total revenue	4,354,500	4,061,988	4,328,087
Expenses			
Salaries	2,124,649	2,102,926	2,116,479
Operating	2,038,456	1,891,463	1,889,754
Amortization	128,000	359,267	307,133
Total expenses (Schedule 1)	4,291,105	4,353,656	4,313,366
(Deficiency)/excess of revenues over expenses	63,395	(291,668)	14,721
Net assets, beginning of year	2,197,214	2,197,214	2,182,493
Net assets, end of year (Statement 1)	$ 2,260,609	$ 1,905,546	$ 2,197,214

(See accompanying notes to the financial statements)

Statement 3

PRAIRIE AGRICULTURAL MACHINERY INSTITUTE
STATEMENT OF CASH FLOWS
Year Ended March 31

	2002	2001
Cash flows from operating activities:		
Cash receipts from customers	$ 3,463,975	$ 2,721,322
Cash receipts from Saskatchewan General Revenue Fund	768,000	768,000
Cash receipts from Manitoba Consolidated Fund	332,500	332,500
Cash paid to suppliers and employees	(4,038,862)	(3,922,218)
Interest income	16,208	26,375
Other cash receipts	22,693	15,633
Cash flows from operating activities	564,514	(58,388)
Cash flows from investing activities:		
Purchase of capital assets	(217,210)	(1,014,549)
Proceeds from sale of capital assets	9,262	7,500
Cash flows used in investment activities	(207,948)	(1,007,049)
Cash flows from financing activities:		
Receipt of capital grants (Note 5)	300,000	210,217
Increase in Restricted Cash	(173,724)	(145,584)
Repayment of load cell capital grant (Note 5)	(19,790)	-
Repayment of bank loan	(148,316)	119,538
Cash flows from financing activities	(41,830)	184,171
Net increase/ (decrease) in cash and cash equivalents	314,736	(881,266)
Cash and cash equivalents, beginning of year	(426,396)	454,870
Cash and cash equivalents, end of year	$ (111,660)	$ (426,396)
Represented by:		
Due to General Revenue Fund	$ (111,660)	$ (426,396)

(See accompanying notes to the financial statements)

PRAIRIE AGRICULTURAL MACHINERY INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2002

1. Status of Institute

The Prairie Agricultural Machinery Institute (Institute) is a body corporate under *The Prairie Agricultural Machinery Institute Act, 1999*. The affairs and business of the Institute are managed by the Prairie Agricultural Machinery Institute Board (Board).

The purposes of the Institute are:

a) to test and appraise under actual or simulated working conditions, machinery and electronic equipment used or intended to be used in the agriculture or food industries;

b) to undertake research and development projects to improve and develop machinery and electronic equipment for agricultural or food industries use;

c) to publish such reports, pamphlets and bulletins as are consistent with the intent of the Act; and

d) to perform such additional functions as may be determined by the Board to be consistent with the objectives of the Institute.

2. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The significant accounting policies of the Institute are as follows:

a) Capital Assets

Capital assets are recorded at cost less accumulated amortization. Amortization is recorded using the declining balance method of amortizing capital assets over their expected useful life. The following rates have been used in applying this policy:

Building	5%
Equipment	10%
Furniture	10%
Vehicles	10%
Computer equipment	30%

b) Unearned Revenue - Fee for Service Revenue

Unearned revenue consists of fee for services that have not yet been provided. Fee for service revenue on contracts is recognized using the percentage of completion method.

c) Deferred Grants

Contributions that are restricted for a specified use are initially deferred and are recorded as revenue when the related expenses are incurred. Contributions for capital assets are deferred until the assets are put in use and amortized. The Institute recognizes the capital grants equal to the amount of amortization charged for those capital assets.

d) Funding

The Institute's operations are funded by the Government of Saskatchewan (Saskatchewan) and the Government of Manitoba (Manitoba) according to an agreement between the two provinces.

The Institute, in accordance with the authority included in Order in Council 1800/79, follows the policy of retaining any excess of revenue over expenses.

On wind-up, any net assets will be divided between the two provinces in proportion to their share in the Institute's assets equivalent to the percentage of funding provided to date by each province. Saskatchewan's share is about 70% and Manitoba's is about 30%.

e) Restricted Cash

The Institute receives grants to purchase capital assets. The amount of grants unspent are recorded as restricted cash.

3. Due to General Revenue Fund

One of the Institute's bank accounts is included in the Consolidated Offset Bank Concentration (COBC) arrangement for the Government of Saskatchewan. At year-end, the institute owes the General Revenue Fund $111,660 (2001 - $426,396).

The Institute's earned interest is calculated and paid by the General Revenue Fund on a quarterly basis using the Government's thirty-day borrowing rate and the Institute's average daily bank account balance. For 2002, the average rate was 3.41% (2001 – 5.59%).

4. Capital Assets

	2002			2001
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Buildings	$ 3,709,440	$ 1,775,759	$ 1,933,681	$ 2,007,180
Equipment	1,895,706	1,073,815	821,891	821,574
Land & improvements	279,841	-	279,841	275,436
Furniture	186,383	152,583	33,800	34,551
Vehicles	386,299	162,825	223,474	197,939
Computer equipment	464,448	304,937	159,511	196,872
Building under construction	-	-	-	65,364
Total	$ 6,922,117	$ 3,469,919	$ 3,452,198	$ 3,598,916

5. Deferred Capital Grants

During the year, the Institute received contributions of $300,000 from the Department of Agriculture & Food. The Institute recorded $95,368 (2001 - $177,716) as revenue equal to the amount of amortization recorded for the buildings and computer upgrades.

In 1995, the Institute received $100,000 from the Department of Economic and Cooperative Development (Department of Industry and Resources effective April 1, 2002) for the development of the Canadian Load Cell Test Centre. During the year, the Institute reached an agreement with the Department to discontinue this project. As a result of this agreement, the Institute repaid $19,790 to the Department. Also, the Institute determined that the Canadian Load Cell Test Centre project had no future value and accordingly wrote off the Centre's building under construction in the amount of $65,364. For financial statement purposes, this write-off has been included in the amortization expense.

6. Due to Government of Alberta

Effective March 31, 1988, Alberta terminated its participation in the original agreement dated October 1974 which established the Institute. As part of the termination, the Institute agreed to transfer to Alberta 35% of the Institute's net assets as at March 31, 1988. The amount owing to Alberta is $42,351 (2001 - $61,451). The Institute is discharging this liability by performing services for Alberta.

7. Commitments

The Institute has agreed to provide monetary and in-kind contributions for several research and development contracts entered into in 2001/2002. The commitments at March 31, 2002 amount to $18,875 (2001 - $21,660).

8. Financial Instruments

a) Significant terms and conditions

Significant terms and conditions related to financial instruments may affect the amount, timing and certainty of future cash flows. When such significant terms and conditions exist, they are described separately in the financial statements and the notes thereto.

b) Fair value

For certain of the Institute's financial instruments including:

i) due from General Revenue Fund
ii) restricted cash
iii) accounts receivable
iv) bank indebtedness
v) due to General Revenue Fund
vi) accounts payable and accrued liabilities

the carrying amounts approximate fair value due to the immediate or short-term maturity of these financial instruments.

c) Credit risk

The Institute is exposed to credit risk from the potential non-payment of accounts receivable. The Institute has entered into contracts with both the federal and provincial governments. The Institute has also entered into contracts with private organizations and individuals. The credit risk on these accounts receivable is minimal because most contracts are with provincial and/or federal governments or well-established large private companies. All accounts considered uncollectible are included in an allowance for doubtful accounts.

d) Interest rate risk

The Institute is exposed to interest rate risk when the value of its financial instruments fluctuates due to changes in market interest rates. The Institute's receivables from governments are non-interest bearing. Receivables from private organizations and individuals bear interest at two percent. The Institute's payables are non-interest bearing.

e) Currency risk

The Institute is exposed to currency risk when the value of its financial instruments held in U.S. currency fluctuates. This occurs due to changes in the value of the U.S. dollar relative to the Canadian dollar. At March 31, 2002, the Institute had accounts receivable of $228,873 (2001 – $296,338) converted to Canadian dollars at year end at a conversion rate of 1.5807 (2001 – 1.5763).

f) Bank Indebtedness

The Institute is authorized to borrow money under *The Prairie Agricultural Machinery Act*. The Institute has established a line of credit of $600,000. There is an assignment of the accounts receivable as collateral for bank indebtedness. Interest is charged on the line of credit at the Royal Bank of Canada prime rate.

9. Related Party Transactions

These financial statements include transactions with related parties. The Institute is related to all Saskatchewan and Manitoba Crown agencies such as departments, corporations, boards and commissions under the common control of the Government of Saskatchewan or the Government of Manitoba. Also, the Institute is related to non-Crown enterprises that the Government of Saskatchewan or the Government of Manitoba jointly controls or significantly influences.

Routine operating transactions with related parties are recorded at the standard rates charged by these organizations and are settled on normal trade terms. Those transactions and amounts outstanding at year-end are as follows:

	2002	2001
Saskatchewan		
Fee for service revenue	$ 328,980	$ 538,668
Operating expenses	419,294	214,562
Accounts receivable	183,211	226,953
Accounts payable and accrued liabilities	26,655	21,117
Manitoba		
Fee for service revenue	$ 85,843	$ 106,928
Operating expenses	45,515	77,170
Accounts receivable	-	148,007
Accounts payable and accrued liabilities	4,857	2,291

In addition, the Institute pays Saskatchewan and Manitoba Provincial Sales Tax to each province's Department of Finance on its taxable purchases made in that province. Taxes paid are recorded as part of the cost of those purchases.

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and the notes thereto.

10. Contractual Arrangement

In 1991, the Institute entered into a contractual arrangement with Western Canada Testing Inc. (WCTI) for the use of a testing facility. Under the arrangement WCTI retains a portion of the contract price from members and non-members as a service charge for the Institute's use of the testing facility. During the year, the Institute earned $466,777 (2001 - $391,565) net of WCTI retention from this arrangement. Accounts receivable includes $140,318.(2001 - $176,450) receivable from WCTI.

11. Budget

The budget for 2001/2002 was approved by the Board on April 3, 2001.

12. Contingencies

On January 11, 2002 an employee of the Institute died from injuries sustained in a workplace accident. The Saskatchewan Occupational Health and Safety (Sask OH&S) have investigated the fatality. Sask OH&S have subsequently served the Institute with Notice of Contravention of *The Occupational Health & Safety Regulations*. The intent of such Notice is to direct the future conduct of the Institute in the matters relating to the Regulations.

While the Institute has agreed to comply with the Notice of Contravention, the Institute has taken issue with the interpretation and application of the Act and Regulations as they relate to this matter. To date, no charges against the Institute have been laid, nor has the Institute been advised that charges will be laid. The likelihood of prosecution and of the Institute being found guilty is not determinable at this time. The amount of the contingent loss, if any, cannot be estimated at this time.

13. Comparative Figures

Certain comparative figures have been restated to conform with the current year's presentation.

Schedule 1

PRAIRIE AGRICULTURAL MACHINERY INSTITUTE
SCHEDULE OF EXPENSES
YEAR ENDED MARCH 31

	2002	2001
Salaries	$ 2,102,926	$ 2,116,479
Shop supplies	675,292	438,539
Travel and vehicle operations	187,400	355,221
Amortization expense	359,267	307,133
Employee benefits	299,158	296,573
Insurance, licences and taxes	176,089	163,241
Utilities	110,974	119,460
Stationery and office supplies	56,963	88,217
Contractual services	90,608	80,771
Computer services	75,048	63,297
Telephone	52,391	57,693
Advertising and promotion	32,081	41,001
Professional and technical services	21,425	38,868
Printing and binding	20,497	34,786
Repairs and maintenance - building and equipment	37,752	32,825
Bad debt expense	2,548	31,447
Rent - building and equipment	28,715	26,316
Reference material	19,423	14,315
Interest expense	4,014	5,154
Honoraria	1,085	2,030
	$ 4,353,656	$ 4,313,366

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AUDITORS' REPORT

To the Members of the Legislative Assembly
Province of Saskatchewan

We have audited the statement of financial position of Saskatchewan Agricultural Stabilization Fund as at March 31, 2002 and the statements of operations, changes in net financial assets and cash flows for the year then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. These standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Regina, Canada
April 25, 2002

KPMG LLP, a Canadian owned limited liability partnership established under the laws of Ontario, is a member firm of KPMG International, a Swiss association.

SASKATCHEWAN AGRICULTURAL STABILIZATION FUND

Statement of Financial Position
As at March 31

	Waterfowl Damage Compensation Program		New Crops Insurance Program		Big Game Damage Compensation Program		AIDA-CFIP Program		Unfunded Average Benefit Program		Canada-Saskatchewan Adjustment Program (CSAP I)		Canada-Saskatchewan Assistance Program (CSAP II)		Total	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
FINANCIAL ASSETS																
Cash	$ 69,330	$ 193,830	$ —	$ —	$ 73,926	$ 146,868	$ —	—	$ —	1,600	$ —	3,310,373	$ 154,699	—	$ 299,975	$ 3,653,750
Investments (note 4)	8,700,000	15,200,000	—	—	4,150,000	10,150,000	—	—	—	—	—	—	—	—	12,850,000	25,350,000
Due from Province of Saskatchewan - General Revenue Fund (note 3)	—	2,200,000	23,731,600	28,630,139	—	1,000,000	80,365,243	56,241,982	—	—	—	—	—	—	104,097,850	88,072,061
Accrued interest and other receivables	8,268	8,326	123,238	381,122	217	2,178	—	—	—	15,798	—	4,839	616	—	131,299	411,097
	$ 8,777,598	$ 17,602,156	$ 23,854,838	$ 29,011,261	$ 4,224,143	$ 11,299,046	$ 80,365,243	$ 56,241,982	$ —	$ 17,398	$ —	$ 3,315,212	$ 155,315	$ —	$ 117,378,924	$ 116,486,278
LIABILITIES																
Accounts payable and accrued liabilities	387	7,832	—	—	857	24,098	—	—	—	—	—	—	—	—	1,244	31,930
Due to the Saskatchewan Crop Insurance Corporation	—	—	701,921	4,791,171	—	—	—	—	—	—	—	404	—	—	701,921	4,791,575
Due to Province of Saskatchewan	—	—	—	—	—	—	—	—	—	8,994	—	—	—	—	—	8,994
Due to Government of Canada	—	—	—	—	—	—	80,313,500	56,241,982	—	8,404	—	—	—	—	80,313,500	56,252,994
Deferred revenue	8,083,042	8,199,599	10,898,017	12,057,867	2,775,587	3,428,005	—	—	—	—	—	—	—	—	21,756,646	21,696,611
	8,083,429	8,207,431	11,599,938	16,849,038	2,776,444	3,452,103	80,313,500	56,241,982	—	17,398	—	404	—	—	102,773,311	84,709,444
NET FINANCIAL ASSETS	$ 694,169	$ 9,394,725	$ 12,254,900	$ 12,162,223	$ 1,447,699	$ 7,846,943	$ 51,743	$ —	$ —	$ —	$ —	$ 3,314,808	$ 155,315	$ —	$ 14,605,613	$ 31,776,834

See accompanying notes to financial statements

SASKATCHEWAN AGRICULTURAL STABILIZATION FUND

Statement of Operations and Changes in Net Financial Assets
For the Year Ended March 31

	Waterfowl Damage Compensation Program		New Crops Insurance Program		Big Game Damage Compensation Program		AIDA-CFIP Program		Unseeded Acreage Benefit Program		Canada-Saskatchewan Adjustment Program (CSAP I)		Canada-Saskatchewan Assistance Program (CSAP II)		Total	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
Revenue																
Interest income	$ 613,000	$ 776,740	$ 965,679	$ 1,360,893	$ 257,161	$ 491,213	$ —	$ —	$ —	$ 26,470	$ 49,000	$ 3,591,443	$ 673,611	$ —	$ 2,360,491	$ 5,437,960
Province of Saskatchewan - General Revenue Fund grant programs	—	2,300,000	—	—	—	1,000,000	90,644,000	—	—	12,463	—	—	39,400,000	—	130,044,000	3,312,463
Government of Canada	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	[illegible]	—	—	[illegible]	—	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	90,644,000	—	—	[illegible]	[illegible]	3,591,443	[illegible]	—	[illegible]	[illegible]
Expenses																
Indemnities	233,093	2,159,640	288,157	3,741,333	1,398,833	968,910	—	—	—	—	485,837	—	—	—	2,145,422	7,269,623
Reinsurance premiums	—	—	1,732,609	1,049,933	—	—	—	—	—	—	—	—	—	—	1,732,609	1,049,933
Grants to producers	—	—	—	—	—	—	—	—	—	57,619	—	72,158	300,673,979	—	300,673,979	129,777
Transfers to the Government of Canada	—	—	—	—	—	—	105,592,258	—	—	—	—	—	—	—	105,592,258	—
Administration	—	—	—	—	—	—	—	—	—	—	—	[illegible]	[illegible]	—	[illegible]	[illegible]
	233,093	[illegible]	[illegible]	[illegible]	1,398,833	968,910	105,592,258	—	—	57,619	485,837	[illegible]	[illegible]	—	[illegible]	[illegible]
Excess (Deficiency) of revenue over expenses for the year	379,634	1,697,630	92,453	(337,136)	(396,236)	1,018,739	(14,948,258)	—	—	—	(353,977)	3,314,227	(1,882,937)	—	(17,111,541)	4,644,830
Net financial assets, beginning of year	8,394,733	7,697,710	13,162,237	12,499,171	7,013,953	6,535,310	—	—	—	—	3,314,227	—	—	—	31,717,154	37,652,304
Transfers between programs (note 3)	[illegible]	—	—	—	[illegible]	—	15,000,000	—	—	—	(1,958,238)	—	1,958,238	—	—	—
Net financial assets, end of year	$ [illegible]	$ 8,394,733	$ 13,254,690	$ 12,162,237	$ [illegible]	$ 7,013,953	$ 51,742	$ —	$ —	$ —	$ —	$ 3,314,227	$ 115,311	$ —	$ [illegible]	$ 31,717,154

See accompanying notes to financial statements

SASKATCHEWAN AGRICULTURAL STABILIZATION FUND

Statement of Cash Flows
For the Year Ended March 31

	Waterfowl Damage Compensation Program		New Crops Insurance Program		Big Game Damage Compensation Program		AIDA-CFIP Program		Unseeded Acreage Benefit Program		Canada-Saskatchewan Adjustment Program (CSAP I)		Canada-Saskatchewan Assistance Program (CSAP II)		Total	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
Cash Flows from operating activities:																
Cash receipts from the Government of Canada	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 100,000,000	$ 135,600,000	$ —	$ 175,600,000	$ 180,000,000
Cash receipts from the General Revenue Fund	—	—	—	—	—	—	15,000,000	—	15,486	19,436	—	—	59,400,000	—	74,415,790	19,436
Funds held by the General Revenue Fund	—	2,300,000			—	1,000,000	77,644,000								75,644,000	3,300,000
Interest received	416,854	777,734	1,124,385	1,329,044	259,134	517,954	—	—	—	17,056	33,119	2,597,200	671,997	—	2,524,893	5,430,151
Cash paid to the Government of Canada	—	—	—	—	—	—	(81,238,660)	(73,738,048)	(6,994)	(361,938)	—	—	—	—	(81,327,654)	(74,139,986)
Cash paid to Saskatchewan Crop Insurance	—	—	(6,022,116)	—	—	—	—	—	(10,092)	—	(300)	(604,563)	(601,369)	—	(8,434,581)	(604,863)
Cash paid to producers	(240,134)	(2,695,847)	—	(313,400)	(2,130,676)	(941,173)	—	—	—	(69,872)	(405,617)	(239,672,123)	(196,873,879)	—	(263,658,630)	(263,283,493)
Net increase (decrease) in cash and cash equivalents	175,530	381,887	(4,897,731)	1,015,644	(1,871,542)	576,781	9,123,340	(73,738,048)	(1,600)	(395,318)	(372,798)	(77,649,628)	(1,803,331)	—	1,172,838	(149,470,772)
Cash and cash equivalents at beginning of year	17,993,630	17,201,943	28,630,139	27,614,495	11,296,866	10,720,085	56,261,952	130,000,000	1,600	396,918	2,310,658	80,000,000	—	—	116,074,799	265,545,571
Transfers between programs (note 3)	(9,800,000)	—	—	—	(5,200,000)	—	15,000,000	—	—	—	(1,937,860)	—	1,937,860	—	—	—
Cash and cash equivalents at end of year	$ 8,368,130	$ 17,583,830	$ 23,732,408	$ 28,630,139	$ 4,225,324	$ 11,296,866	$ 80,361,242	$ 56,261,952	$ —	$ 1,600	$ —	$ 2,310,658	$ 134,609	$ —	$ 117,247,637	$ 116,074,799
Cash and cash equivalents include:																
Cash	$ 68,130	$ 183,830	$ —	$ —	$ 75,324	$ 146,866	$ —	$ —	$ —	$ 1,600	$ —	$ 2,310,658	$ 134,609	$ —	$ 390,873	$ 2,652,718
Investments	8,300,000	15,100,000	—	—	4,150,000	10,150,000	—	—	—	—	—	—	—	—	12,850,000	21,250,000
Due from the Province of Saskatchewan - General Revenue Fund	—	2,300,000	23,732,408	28,630,139	—	1,000,000	80,361,242	56,261,952	—	—	—	—	—	—	104,006,764	92,172,081
	$ 8,368,130	$ 17,583,830	$ 23,732,408	$ 28,630,139	$ 4,225,324	$ 11,296,866	$ 80,361,242	$ 56,261,952	$ —	$ 1,600	$ —	$ 2,310,658	$ 134,609	$ —	$ 117,247,637	$ 116,074,799

See accompanying notes to financial statements

Saskatchewan Agricultural Stabilization Fund
Notes to the Financial Statements
As at March 31, 2002

1. Status of the Fund

The Saskatchewan Agricultural Stabilization Fund (the Fund) was established under *The Farm Financial Stability Act* (the Act).

The following programs exist within the Fund:

New Crops Insurance Program:
The New Crops Insurance Program was established in the 1996-97 fiscal year pursuant to Part IV of the Act and is administered by the Saskatchewan Crop Insurance Corporation. The purpose of the program is to compensate the Corporation for insurance losses on new or developmental crops that fall between 100% and 165% of premiums. Private sector reinsurance was purchased for losses between 165% and 275% of premiums. The reinsurance premium was paid by this program.

Big Game Damage Compensation Program:
The Big Game Damage Compensation Program was established in the 1996-97 fiscal year pursuant to Part IV of the Act and is administered by the Saskatchewan Crop Insurance Corporation. The purpose of the program is to compensate producers of commercial agricultural crops for losses to field crops and stacked hay resulting from damage caused by big game.

Waterfowl Damage Compensation Program:
The Waterfowl Damage Compensation Program was established in the 1997-98 fiscal year pursuant to Part IV of the Act and is administered by the Saskatchewan Crop Insurance Corporation. The purpose of the program is to compensate producers of commercial agricultural crops for losses to field crops resulting from damage caused by waterfowl.

Agricultural Income Disaster Assistance (AIDA) Program - Canadian Farm Income Program (CFIP):
The AIDA-CFIP Program was established in the 2001-02 fiscal year pursuant to Part IV of the Act and is administered by Saskatchewan Agriculture and Food. The purpose of the program is to facilitate the participation of Saskatchewan in a federal-provincial initiative to enhance or stabilize the income of farmers. This initiative, administered by the Federal Government, is to assist producers facing a serious decline in their profit margins due to circumstances beyond their control.

The AIDA and CFIP programs are virtually the same in program specifications, qualification parameters and administration. The AIDA program was in place for producers' 1998 and 1999 claim year. The CFIP program is in place for producers' 2000, 2001, and 2002 claim years.

Unseeded Acreage Benefit Program:
The Unseeded Acreage Benefit Program was established in the 1999-2000 fiscal year pursuant to Part IV of the Act and is administered by the Saskatchewan Crop Insurance Corporation. The purpose of the program is to provide assistance to non-Crop Insurance program participants for the 1999-2000 crop year and were unable to seed on or before June 25, 1999 due to excessive spring moisture conditions.

Canada-Saskatchewan Adjustment Program (CSAP I):
The Canada-Saskatchewan Adjustment Program was established in the 1999-2000 fiscal year pursuant to Part IV of the Act and is administered by the Saskatchewan Crop Insurance Corporation. The purpose of the program is to enhance or stabilize the incomes of Saskatchewan farmers.

Canada-Saskatchewan Assistance Program (CSAP II):
The Canada-Saskatchewan Assistance Program was established in the 2001-02 fiscal year pursuant to Part IV of the Act and is administered by the Saskatchewan Crop Insurance Corporation. The purpose of the program is to enhance or stabilize the incomes of Saskatchewan farmers.

In the event that these programs terminate, any remaining net assets must be returned to the Government of Saskatchewan's General Revenue Fund.

2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

Investments:
Investments are recorded at cost less any write down required to reflect a permanent impairment in value.

Cash and Cash Equivalents:
Cash and cash equivalents consist of cash, short-term investments with a maturity of 90 days or less, the Fund's bank accounts which are included in the Consolidated Offset Bank Concentration arrangement for the Government of the Province of Saskatchewan (note 3) and all other amounts Due from the Province of Saskatchewan General Revenue Fund.

Revenue Recognition:
Funding received from the Federal Government is considered to be externally restricted and as a result is deferred until the program itself incurs expenses. The Waterfowl and Big Game Damage Compensation programs are intended to be funded 50% by the Federal Government and 50% by the Provincial Government; CSAP I and CSAP II are intended to be funded 70% by the Federal Government and 30% by the Provincial Government and; the New Crops Insurance and Unseeded Acreage Benefit programs are intended to be funded 60% by the Federal Government and 40% by the Provincial Government. Therefore, the amount recognized as revenue from the Federal Government is the appropriate percentage of the program expenses.

Saskatchewan Agricultural Stabilization Fund
Notes to the Financial Statements
As at March 31, 2002

The Fund only administers the Provincial portion of the AIDA and CFIP programs and as a result, the Fund does not record any funding from the Federal Government for AIDA or CFIP.

Funding received from the Province of Saskatchewan is not considered to be externally restricted because the entities are under common control. As a result, grant revenue from the Province of Saskatchewan is recognized when the grant criteria, if any, have been met.

Use of Estimates:
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimated.

3. Due from Province of Saskatchewan General Revenue Fund

The New Crops Insurance Program bank account is included in the Consolidated Offset Bank Concentration arrangement for the Government of the Province of Saskatchewan. Interest is earned on these funds at the government's thirty day borrowing rate, and is based on the fund's average daily account balance. The average of the thirty-day borrowing rate was 3.41% (2001 – 5.59%). The Province of Saskatchewan General Revenue Fund pays interest to the fund on a quarterly basis.

The AIDA-CFIP Program funds are deposited in the General Revenue Fund. Interest is not paid on this account.

All other amounts represent short-term receivables from the Province of Saskatchewan General Revenue Fund.

4. Investments

The Fund's investments are:

Maturity	Interest Rate (%)	Waterfowl Damage Compensation Program	Big Game Damage Compensation Program
April 10, 2001	1.15	$ 8,700,000	$ 4,150,000

5. Transfers between programs

In 2001-02 the Minister directed, under the authority of the Waterfowl Damage Compensation Program Regulations and the Big Game Damage Compensation Program Regulations, that surplus amounts of $6 million in the Big Game Damage Compensation Account and $9 million in the Waterfowl Damage Compensation Account be transferred and paid to the AIDA-CFIP Account.

During the year, the Government of Canada determined Saskatchewan's share of expenses for the AIDA program were $17 million lower than estimated. The $17 million reduction in expenses is recorded in the AIDA-CFIP program account.

Also during the 2001-02 year, the Minister directed, under the authority of the Canada-Saskatchewan Adjustment Program Amendment Regulations, 2001, that the surplus amount of $1,958,250 in the CSAP I Program be transferred and paid into the CSAP II Program.

6. Planned results

	Budget 2001-02 ($000)	Actual 2001-02 ($000)	Actual 2000-01 ($000)
Revenue			
New Crops Insurance	2,055	2,026	4,454
Big Game Damage Compensation	2,330	911	1,980
Waterfowl Crop Damage Compensation	4,925	533	4,256
AIDA-CFIP	—	90,644	—
Unseeded Acreage Benefit	—	---	58
CSAP I	—	49	2,591
CSAP II	200,000	198,673	—
Expenses			
New Crops Insurance	1,675	1,933	4,791
Big Game Damage Compensation	2,000	1,307	969
Waterfowl Crop Damage Compensation	4,400	233	2,559
AIDA-CFIP	—	105,592	—
Unseeded Acreage Benefit	—	---	58
CSAP I	—	405	277
CSAP II	200,000	200,476	—

In May 2001, the Government of Saskatchewan agreed to participate in the CFIP program. The agreement provided Provincial funding to a maximum of $80 million for the 2000 claim year and a maximum of $70 million for the 2001 claim year.

7. Fair value of financial assets and financial liabilities

The carrying amounts of the following financial assets and financial liabilities approximate fair value due to their short-term nature:

- Cash
- Investments
- Due from the Province of Saskatchewan General Revenue Fund
- Accrued interest and other receivables
- Accounts payable and accrued liabilities
- Due to Saskatchewan Crop Insurance Corporation
- Due to Province of Saskatchewan
- Due to Government of Canada

Saskatchewan Agricultural Stabilization Fund
Notes to the Financial Statements
As at March 31, 2002

8. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies and boards related to the Fund by virtue of common control by the Government of Saskatchewan.

The Saskatchewan Crop Insurance Corporation administers the Waterfowl Damage Compensation, New Crops Insurance, Big Game Damage Compensation, Unseeded Acreage Benefit, Canada-Saskatchewan Adjustment and Canada-Saskatchewan Assistance programs. All of the administration expenses for the Canada-Saskatchewan Assistance Program (CSAP II) were charged by the Saskatchewan Crop Insurance Corporation.

Routine operating transactions with related parties are settled at prevailing market prices under normal trade terms. Other transactions with related parties and amounts due to or from them are described separately in the financial statements and notes.

In accordance with established government practice, the Fund has not been charged with certain occupancy, financing, administrative, and other costs. These costs have been absorbed by various departmental appropriations and, therefore, no provision for such costs is reflected in these financial statements.

Saskatchewan Crop Insurance

Auditors' Report

To the Members of the Legislative Assembly
Province of Saskatchewan

We have audited the balance sheet of the Saskatchewan Crop Insurance Corporation as at March 31, 2002 and the statements of operations and net assets and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. These standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP
Chartered Accountants
Regina, Canada

April 25, 2002

Saskatchewan Crop Insurance

Balance Sheet

March 31, 2002 with comparative figures for 2001

	2002	2001
Assets		
Cash	$ 59,578	$ 94,141
Investments (note 4)	3,898,832	3,397,270
Due from the Province of Saskatchewan General Revenue Fund (note 3)	165,640,686	263,134,827
Accrued interest and other receivables	1,098,730	8,323,654
Premiums receivable from producers	2,829,880	6,337,596
Premiums receivable from the Province of Saskatchewan	2,653,941	4,482,797
Premiums receivable from the Government of Canada	1,962,336	19,994,424
Due from Crop Reinsurance Fund of Canada for Saskatchewan	436,137	436,137
Prepaid expenses	76,850	55,868
Capital assets (note 5)	2,992,998	3,113,969
	$181,649,968	$309,370,683
Liabilities and Net Assets		
Accounts payable and accrued liabilities	$ 2,428,969	$ 2,038,689
Indemnities payable	1,024,238	127,140
Reinsurance premium payable to Crop Reinsurance Fund of Saskatchewan	627,888	1,443,547
Deferred administration revenue (note 6)	5,093,723	5,167,656
	9,174,818	8,777,032
Net assets	172,475,150	300,593,651
	$181,649,968	$309,370,683

Commitments and contingencies (note 8).
See accompanying notes to financial statements.

On behalf of the Board:

Chairperson

Vice-Chairperson

Saskatchewan Crop Insurance

Statement of Operations and Net Assets

Year Ended March 31, 2002 with comparative figures for 2001

	2002	2001
Revenue		
Premium contributions:		
Producers	$ 67,024,948	$ 54,283,141
Government of Saskatchewan	78,973,836	52,781,180
Government of Canada	79,206,787	78,893,545
	225,205,571	185,957,866
Less reinsurance premiums ceded:		
Crop Reinsurance Fund of Canada for Saskatchewan	13,404,724	11,806,841
Crop Reinsurance Fund of Saskatchewan (note 1)	15,117,239	13,304,703
	28,521,963	25,111,544
Net premiums	196,683,608	160,846,322
Unseeded Acreage Supplementary Program grants	2,650	52,865
Interest income	9,716,519	13,954,520
New Crops Loss Recovery (note 1)	200,457	3,741,235
	206,603,234	178,594,942
Expenses		
Indemnities	331,488,218	133,043,739
Unseeded Acreage Supplementary Program payments	2,650	52,865
Bad debts	3,230,867	559,124
	334,721,735	133,655,728
Excess (deficiency) of revenue over expenses from insurance operations, before administration revenue and expenses	(128,118,501)	44,939,214
Administration revenue:		
Province of Saskatchewan operating grant (note 6)	25,973,933	24,228,459
Other administration revenue	331,882	419,967
	26,305,815	24,648,426
Administration expenses (Schedule 1)	26,305,815	24,648,426
Excess (deficiency) of revenue over expenses	(128,118,501)	44,939,214
Net assets, beginning of year	300,593,651	255,654,437
Net assets, end of year	$172,475,150	$300,593,651

See accompanying notes to financial statements.

Saskatchewan Crop Insurance

Statement of Cash Flows

Year Ended March 31, 2002 with comparative figures for 2001

	2002	2001
Cash Provided by (Used In):		
Operating Activities:		
Excess (deficiency) of revenue over expenses	$(128,118,501)	$ 44,939,214
Item not affecting cash:		
Amortization	1,272,011	1,460,855
Change in non-cash operating items:		
Accrued interest and other receivables	7,224,924	(5,494,554)
Premiums receivable from producers	3,507,716	3,088,391
Premiums receivable from the Province of Saskatchewan	1,828,856	2,969,496
Premiums receivable from the Government of Canada	18,032,088	(1,059,130)
Prepaid expenses	(20,982)	(5,764)
Accounts payable and accrued liabilities	390,280	(1,178,364)
Indemnities payable	897,098	100,562
Reinsurance premium payable to Crop Reinsurance Fund of Saskatchewan	(815,659)	(694,818)
Deferred administration revenue	(73,933)	1,371,541
	(95,876,102)	45,497,429
Investment Activities:		
Purchase of capital assets	(1,151,040)	(778,709)
Increase (decrease) in cash and cash equivalents	(97,027,142)	44,718,720
Cash and cash equivalents, beginning of year	266,626,238	221,907,518
Cash and cash equivalents, end of year	$169,599,096	$266,626,238
Represented by:		
Cash	$ 59,578	$ 94,141
Investments	3,898,832	3,397,270
Due from Province of Saskatchewan General Revenue Fund	165,640,686	263,134,827
	$ 169,599,096	$266,626,238

See accompanying notes to financial statements.

Saskatchewan Crop Insurance

Administration Expenditures

Year Ended March 31, 2002 with comparative figures for 2001

Schedule 1

	2002	2001
Adjusting and grain grading wages and expenses	$ 8,839,286	$ 7,265,887
Advertising	264,775	502,012
Amortization	1,272,011	1,460,855
Appeal Panel and Board of Directors meetings	44,789	97,253
Collection fees	81,537	193,877
Computer	1,027,141	1,056,753
Office rental	1,005,984	1,008,549
Office supplies and duplicating	462,130	407,913
Other	312,969	351,079
Postage	337,171	305,776
Professional fees	506,296	514,523
Salaries and benefits	10,897,694	10,149,569
Telephone	308,130	353,156
Travel and sustenance	945,902	981,224
	$26,305,815	$24,648,426

See accompanying notes to financial statements.

Saskatchewan Crop Insurance

Notes to Financial Statements

of the Saskatchewan Crop Insurance Corporation
March 31, 2002

1. Status of the corporation:

The Saskatchewan Crop Insurance Corporation (the Corporation), a provincial Crown Corporation, was established under "The Crown Corporations Act" and continued under "The Crop Insurance Act".

The Corporation administers the federal/provincial Crop Insurance program. In addition, on behalf of the Saskatchewan Agricultural Stabilization Fund, the Corporation administers the Waterfowl Damage Compensation, New Crops Insurance, Big Game Damage Compensation, Unseeded Acreage Benefit, Canada-Saskatchewan Adjustment and Canada - Saskatchewan Assistance accounts. The financial results of the Saskatchewan Agricultural Stabilization Fund are reported separately.

The Canada-Saskatchewan Crop Insurance Agreement requires that reinsurance funds be established by the Government of Canada and the Government of Saskatchewan. These reinsurance funds receive reinsurance premiums from the Corporation and, under certain circumstances, pay reinsurance benefits to the Corporation.

As these reinsurance funds exclude crops insured under the Corporation's New Crops Program, a reinsurance program involving the Saskatchewan Agricultural Stabilization Fund and private sector reinsurers was established in the prior year. This reinsurance program was designed to provide the following coverage, however, only 92% was placed with external reinsurance companies during the year:

Ratio of Indemnities to Premiums	Liability Coverage Provided by	Liability (millions)
Up to 100%	The Corporation	Up to $35.2
100% to 165%	New Crops Insurance Account of the Saskatchewan Agricultural Stabilization Fund	$35.2 to $58.1
165% to 269%	Private Sector Reinsurance	$58.1 to $94.6
Over 269%	The Corporation	In excess of $94.6

The Crop Reinsurance Fund of Saskatchewan is administered by the Corporation. The operations, assets and liabilities of this reinsurance fund are shown in separate financial statements as required by the Canada-Saskatchewan Crop Insurance Agreement.

As a crown entity, the Corporation is not subject to federal or provincial income tax, or federal goods and services tax.

2. Significant accounting policies:

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

Capital assets:
Capital assets are capitalized and amortized over their useful lives. They are recorded on the balance sheet at their net book value.

Amortization is charged against operations, and is provided on a straight line basis over the estimated useful lives of the assets with half the normal amortization taken in the year of purchase. The rates of amortization are:

Equipment	20%
Leasehold improvements	20%
Computer equipment	20%

Cash and cash equivalents:
Cash and cash equivalents consist of bank overdraft, short-term investments with a maturity of 90 days or less and the Corporation's insurance fund bank account which is included in the Consolidated Offset Bank Concentration arrangement for the Government of the Province of Saskatchewan (note 3).

Investments:
Investments are recorded at cost less any writedown required to reflect a permanent impairment in value.

Premium revenue recognition:
Crop insurance is a cost-shared program. Premium payments, for each of the last two years, are cost-shared as follows:

Year	Producers %	Federal Gov't. %	Provincial Gov't. %
2001-02			
Base (50%) coverage	10	45	45
Buyup (60-80%) coverage	40	30	30
2000-01			
Base (50%) coverage	10	54	36
Buyup (60-80%) coverage	40	36	24

Premiums, including the producer and federal and provincial governments' shares, are recognized as income when invoiced to producers.

Saskatchewan Crop Insurance

Notes to Financial Statements

of the Saskatchewan Crop Insurance Corporation
March 31, 2002

Use of estimates:
The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Actual results could differ materially from those estimated.

3. Due from Province of Saskatchewan General Revenue Fund:

The Corporation's insurance bank account is included in the Consolidated Offset Bank Concentration arrangement for the Government of the Province of Saskatchewan.

Interest is earned on these funds at the government's thirty day borrowing rate, and is based on the Corporation's average daily account balance. Interest is paid by the Province of Saskatchewan General Revenue Fund to the Corporation on a quarterly basis. During the current year, the average rate was 3.41% (2001 – 5.59%).

4. Investments:

The Corporation's investments are in term deposits maturing during the first week of April, 2002 with effective interest rates of 2.0% (2001: first week of April, 2001 and 5.0%, respectively).

5. Capital assets:

	Cost	Accumulated Amortization	2002 Net Book Value	2001 Net Book Value
Equipment	$ 2,577,482	$ 1,950,730	$ 626,752	$ 752,776
Leasehold improvements	813,674	331,038	482,636	320,514
Computer equipment	14,351,082	12,467,472	1,883,610	2,040,679
	$17,742,238	$14,749,240	$2,992,998	$3,113,969

6. Deferred administration revenue:

Under the terms of federal-provincial agreements, eligible administration revenue and expenses are shared equally. Government of Canada contributions are paid to the Government of the Province of Saskatchewan General Revenue Fund, which remits them to the Corporation. To the extent this funding was not required to pay administration fund expenses of the current year it has been deferred and shown as deferred administration revenue and will be used to fund future administration expenses.

Details of administration funding received and recorded as revenue follows:

	2002	2001
Deferred administration revenue, beginning of year	$ 5,167,656	$ 3,796,115
Province of Saskatchewan General Revenue Fund net operating grant Received	25,900,000	25,600,000
Net operating grant recorded as Revenue	(25,973,933)	(24,228,459)
Deferred administration revenue, end of year	$ 5,093,723	$ 5,167,656

7. Related party transactions:

Included in these financial statements are transactions with various Saskatchewan crown corporations, departments and agencies related to the Corporation by virtue of common control exercised by the Government of the Province of Saskatchewan.

In addition, one of the Corporation's directors is a partner in an organization which provided professional services to the corporation. During the current year these services amounted to $271,653 (2001 - $229,424).

Routine operating transactions with related parties are measured at prevailing market prices under normal trade terms. These financial statements include the following balances from and transactions with related parties:

	2002	2001
Accounts payable and accrued liabilities	$ 111,264	$ 226,844
Administration expenses	5,842,842	4,993,371

During the current year, the corporation collected $401,698 from the Saskatchewan Agricultural Stabilization Fund for expenses incurred in administering the Canada-Saskatchewan Assistance Program.

Other related party transactions are disclosed elsewhere in these financial statements.

Saskatchewan Crop Insurance

Notes to Financial Statements

of the Saskatchewan Crop Insurance Corporation
March 31, 2002

8. Commitments and contingencies:

Commitments:
The Corporation is committed to the Saskatchewan Property Management Corporation, a related crown entity, for several leases for office space with annual payments of $1,003,489. The leases are currently renewable on an annual basis.

Contingencies:
Pursuant to the "The Canada-Saskatchewan Crop Insurance Agreement", in the event the agreement is terminated and no new agreement is entered into, all capital assets funded by the agreement shall be disposed of and the proceeds shall be shared equally by the Government of the Province of Saskatchewan and the Government of Canada. As of March 31, 2002, all capital assets owned by the Corporation had been funded by this agreement.

Various legal actions for additional crop insurance indemnity payments have been initiated against the Corporation. Presently, the Corporation is actively defending these cases. While the outcome of these claims cannot be determined, management is of the opinion that the result of these actions will not have a material impact on the Corporation's financial position.

9. Fair value of financial assets and financial liabilities:

The carrying amounts of the following financial assets and financial liabilities approximate fair value due to their short term nature:

- Cash
- Investments
- Due from the Province of Saskatchewan General Revenue Fund
- Accrued interest and other receivables
- Premium and other program receivables
- Due to/from the reinsurance funds
- Accounts payable and accrued liabilities
- Indemnities payable

10. Comparative figures

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.

Skilnick Robertson Besler Miller & Co.
Chartered Accountants

SASKATCHEWAN GRAIN CAR CORPORATION

AUDITORS' REPORT

2001.

To the Members of the Legislative Assembly
Province of Saskatchewan

We have audited the statement of financial position of the Saskatchewan Grain Car Corporation as at July 31, 2001, and the statements of revenue and expenditure, net assets and cash flows for the year then ended. The corporation's management is responsible for preparing these financial statements for Treasury Board's approval. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. These standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at July 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Skilnick Robertson Besler Miller + Co.

SKILNICK ROBERTSON BESLER MILLER & CO.
Chartered Accountants

Melville, Saskatchewan
October 2, 2001

SASKATCHEWAN GRAIN CAR CORPORATION
STATEMENT OF FINANCIAL POSITION
AS AT JULY 31, 2001.

STATEMENT 1

	2001			2000
	OPERATING FUND	RESERVE FUND	TOTAL	TOTAL
ASSETS				
CURRENT ASSETS				
Cash	$ 34,176	$	$ 34,176	$ 44,511
Due from General Revenue Fund (Note 4)	10,271,374	1,797,478	12,068,852	10,325,998
Accounts receivable (Note 6)				
- accrued interest	38,369	6,716	45,085	49,318
- car leasing	450,959		450,959	632,373
- miscellaneous	34	192,558	192,592	32,668
Prepaid expenses	666		666	659
	$10,795,578	$ 1,996,752	$12,792,330	$11,085,527
OTHER ASSETS				
Investment in shares of West Central Road & Rail Ltd. (Note 9)	407,349		407,349	
TOTAL ASSETS	$11,202,927	$ 1,996,752	$13,199,679	$11,085,527
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable (Note 6)	$ 49,615	$	$ 49,615	$ 30,073
Wage deductions payable				156
Goods and services taxes payable	9,125		9,125	43,053
TOTAL LIABILITIES	58,740		58,740	73,282
NET ASSETS - Statement 3	11,144,187	1,996,752	13,140,939	11,012,245
TOTAL LIABILITIES AND NET ASSETS	$11,202,927	$ 1,996,752	$13,199,679	$11,085,527
INVESTMENT IN CAPITAL ASSETS (Note 7)			$25,742,100	$27,491,373

(See Accompanying Notes to Financial Statements)

SASKATCHEWAN GRAIN CAR CORPORATION
STATEMENT OF REVENUE AND EXPENDITURE
FOR THE YEAR ENDED JULY 31, 2001.

STATEMENT 2

	2001				2000
	BUDGET	OPERATING FUND	RESERVE FUND	TOTAL	TOTAL
REVENUE					
Car leasing (Note 2)	$1,000,000	$1,304,835	$	$1,304,835	$1,639,104
Interest (Notes 4 & 5)	400,000	513,456	80,833	594,289	453,339
Compensation for destroyed grain cars (Note 2)	35,000		515,563	515,563	173,086
TOTAL REVENUE	1,435,000	1,818,291	596,396	2,414,687	2,265,529
EXPENDITURE					
General manager contract travel and sustenance (Note 5)	31,000	28,315		28,315	
Fleet Manager contract, travel and sustenance (Note 5)	90,000	87,186		87,186	83,418
Salaries	30,000	29,837		29,837	50,856
Salary benefits (Notes 5 & 8)	6,000	4,942		4,942	6,433
Other travel and sustenance	2,000				774
Administration (Schedule 1)	269,000	135,713		135,713	64,011
TOTAL EXPENDITURE	428,000	285,993	Nil	285,993	205,492
EXCESS OF REVENUE OVER EXPENDITURE FOR THE YEAR	$1,007,000	$1,532,298	$ 596,396	$2,128,694	$2,060,037

(See Accompanying Notes to Financial Statements)

SASKATCHEWAN GRAIN CAR CORPORATION
STATEMENT OF NET ASSETS
FOR THE YEAR ENDED JULY 31, 2001.

STATEMENT 3

	2001			2000
	OPERATING FUND	RESERVE FUND	TOTAL	TOTAL
Net Assets, beginning of year	$ 9,611,889	$ 1,400,356	$11,012,245	$ 8,952,208
Excess of revenue over expenditure for the year	1,532,298	596,396	2,128,694	2,060,037
NET ASSETS, END OF YEAR	$11,144,187	$ 1,996,752	$13,140,939	$11,012,245

(See Accompanying Notes to Financial Statements)

SASKATCHEWAN GRAIN CAR CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JULY 31, 2001.

STATEMENT 4

	2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenue over expenditure for the year	$2,128,694	$2,060,037
Cash flows from non-cash working capital - see summary below	11,174	548,105
	2,139,868	2,608,142
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase) decrease in investment in shares of West Central Road & Rail Ltd.	(407,349)	Nil
(Increase)decrease in due from General Revenue Fund	(1,742,854)	(2,593,214)
	(2,150,203)	(2,593,214)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(10,335)	14,928
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	44,511	29,583
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 34,176	$ 44,511

SUMMARY OF CASH FLOWS FROM NON-CASH WORKING CAPITAL

	2001	2000
(INCREASE) DECREASE IN ASSETS		
Accounts receivable	$ 25,723	$517,505
Prepaid expenses	(7)	218
	25,716	517,723
INCREASE (DECREASE) IN LIABILITIES		
Accounts payable	19,542	29,416
Wage deductions payable	(156)	(409)
Goods and services taxes payable	(33,928)	1,375
	(14,542)	30,382
	$ 11,174	$ 548,105

(See Accompanying Notes to Financial Statements)

SASKATCHEWAN GRAIN CAR CORPORATION
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2001.

1. STATUS OF THE CORPORATION

The Saskatchewan Grain Car Corporation is a Provincial Crown Corporation established on October 2, 1979 by Order-in-Council 1787/79. The Corporation continues under the authority and provisions of *The Saskatchewan Grain Car Corporation Act*.

The Corporation's mission is to maximize the economic benefits to Saskatchewan agriculture as a first priority, other Saskatchewan industries as a second priority, and the Province in general, through the effective and efficient use of its resources.

2. OPERATING AGREEMENT

The Corporation entered into an agreement dated February, 1981, with the Canadian National Railway Company, Canadian Pacific Limited, and The Canadian Wheat Board which allows the railways to lease the Corporation's cars free of charge for statutory grain service. Statutory grain service refers to the movement to port of 59 - grain products as listed under Schedule II of the *Canada Transportation Act*.

With the approval of the Corporation, the railways may lease the Corporation's cars for commercial service, provided the cars are surplus to the requirements for statutory grain service. Commercial service includes the carriage of grain at non-regulated freight rates as well as the carriage of other bulk commodities, such as potash. The railways are required to pay an agreed leasing charge to the Corporation for these movements.

The railways are responsible for maintaining and repairing the Corporation's cars at their own expense in accordance with industry standards.

In the event that one of the Corporation's cars is damaged beyond economic repair, the railway responsible is required to compensate the Corporation for the value of the car in accordance with Rule 107 of the Interchange Rules Manual of the Association of American Railroads. The value is based on the current replacement value of the car and the age of the car. All amounts received from the railways as compensation for destroyed cars are placed in a reserve fund to be used for the purchase of new cars.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles.

The Corporation uses the accrual basis of accounting. Where the Corporation is the lessor, rental revenues from car operating leases is recognized as the service is provided to the lessee and collection is reasonably assured.

(Continued on next page)

SASKATCHEWAN GRAIN CAR CORPORATION

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2001.

3. SIGNIFICANT ACCOUNTING POLICIES ... Continued

The investment in shares of West Central Road & Rail Ltd. is accounted for by the cost method with earnings reflected only to the extent of dividends received.

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

The financial records of the Corporation are segregated into two funds:

(i) Operating Fund, which records the operating revenues and expenditures of the Corporation; and

(ii) Reserve Fund, which records the compensation received from the railways for destroyed cars. All interest earned from cash balances is retained by the Reserve Fund.

4. DUE FROM GENERAL REVENUE FUND

Most of the Corporation's bank accounts are included in the Consolidated Offset Bank Concentration (COBC) arrangement for the Government of Saskatchewan. The Corporation's earned interest is calculated and paid by the General Revenue Fund on a quarterly basis into the Corporation's bank account using the Government's thirty day borrowing rate and the Corporation's average daily bank balance. The Government's average thirty day borrowing rate for 2000/2001 is 5.28% (1999/2000 5.07%).

5. RELATED PARTY TRANSACTIONS

These financial statements include transactions with related parties. The Corporation is related to all Saskatchewan Crown Agencies such as departments, corporations, boards and commissions under the common control of the Government of Saskatchewan. Also, the Corporation is related to non-crown enterprises that the Government jointly controls or significantly influences.

Routine operating transactions with related parties are recorded at the rate charged by those organizations and are settled on normal trade terms.

These transactions are as follows:

	2001	2000
Revenue		
Government of Saskatchewan (General Revenue Fund) - interest earnings	$ 594,289	$ 453,339

(Continued on next page)

SASKATCHEWAN GRAIN CAR CORPORATION
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2001.

5. RELATED PARTY TRANSACTIONS ... Continued

	2001	2000
Expenditure		
Department of Highways and Transportation		
- General Manager services	$ 22,455	$ Nil
- Fleet Manager services	74,810	71,319
Saskatchewan Property Management Corporation		
- Office rent	$ 7,938	$ 8,635
- Printing and copying	$ 81	$ 160
- Office supplies	$ 203	$ 397
- Postage	$ 153	$ Nil
Saskatchewan Telecommunications		
- Telecommunication services	$ 5,426	$ 5,306
Crown Investments Corporation (Capital Pension Plan)		
- Employee pension plan contributions	$ 1,641	$ 1,613
Workers' Compensation Board (Saskatchewan)	$(28)	$ 739

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and the notes thereto.

6. FINANCIAL INSTRUMENTS

Significant Terms and Conditions

There are no significant terms and conditions related to financial instruments classified as current assets or current liabilities that may affect the amount, timing or certainty of future cash flows.

Credit Risk

The Corporation is exposed to credit risk from the potential non-payment of accounts receivable. The Corporation's receivables consist of amounts due from Canadian National Railway Company, Canadian Pacific Limited and accrued interest on funds invested by the Provincial Government. The credit risk on collection of the receivable balance is minimal.

(Continued on next page)

SASKATCHEWAN GRAIN CAR CORPORATION

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2001.

6. FINANCIAL INSTRUMENTS ... Continued

Fair Value

The carrying amount of cash, due from General Revenue Fund, accounts receivable and accounts payable approximate fair market value due to their immediate or short term nature.

7. INVESTMENT IN CAPITAL ASSETS

In 1992, the Corporation wrote off its capital assets consisting entirely of hopper cars due to the inability to project with reasonable certainty, the possible future net cash flows from usage. The following is provided for information purposes.

The Corporation purchased 1,000 covered hopper cars in 1981 at a cost of $54,214,423. As of July 31, 2001, 44 cars have been destroyed; the remaining 956 cars are in service.

The investment in the hopper cars is amortized on a straight line basis over an expected useful life of 40 years.

	2001			2000		
	COST	ACCUMULATED AMORTIZATION	NET BOOK VALUE	COST	ACCUMULATED AMORTIZATION	NET BOOK VALUE
Rolling stock	$51,825,817	$26,083,717	$25,742,100	$52,695,220	$25,203,847	$27,491,373

The 2001 amortization	$1,305,042	2000 - $1,318,845
Less: Gain on disposals	(71,333)	(25,933)
Net for the year	$1,233,709	$1,292,912

8. PENSION PLAN

The Corporation participates in a defined contribution pension plan for the benefit of its employees. The Corporation's financial obligation to the Capital Pension Plan is limited to making regular payments to match the amounts contributed by employees for current service. The Corporation's annual pension expense for 2001 amounted to $1,641. (2000 $1,613).

(Continued on next page)

SASKATCHEWAN GRAIN CAR CORPORATION
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2001.

9. INVESTMENT IN SHARES OF WEST CENTRAL ROAD & RAIL LTD.

During the year the Corporation acquired 4,000 newly issued Class "E" shares of the capital stock of West Central Road & Rail Ltd. This equity investment represents the corporation's commitment to support the Research and Development aspects of Phase II (the demonstration phase) of the Grain Logistics Pilot Project. Phase II of the Pilot Project is intended to provide complete logistical services from farm-gate to port in the case of export movements, and farm-gate to commercial processing facility in the case of movements to domestic destinations throughout North America.

The Class "E" shares are transferable, non-voting except for the entitlement to elect 2 of 13 directors and participate equally in dividends and the distribution of assets on liquidation or wind-up. After June 28, 2006, the issuer may repurchase or the Corporation may retract a minimum of 1,000 shares at their fair market value as established by an independent appraiser.

The carrying value of this investment approximates fair market value.

(Continued from previous page)

SASKATCHEWAN GRAIN CAR CORPORATION
SCHEDULE OF ADMINISTRATION EXPENSES
FOR THE YEAR ENDED JULY 31, 2001.

SCHEDULE 1

	2001 BUDGET	2001	2000
OPERATING FUND			
Advertising and promotion	$ 500	$ Nil	$ Nil
Bank charges	Nil	51	12
Computer equipment	5,000	5,212	Nil
Computer maintenance	1,000	32	745
Computer software	40,000	1,810	Nil
Consulting services	185,000	101,799	29,398
Data processing - Car leasing	Nil	Nil	Nil
Miscellaneous	1,000	1,792	137
Office supplies (Note 5)	1,000	589	2,814
Postage and courier (Note 5)	750	153	180
Printing and copying (Note 5)	750	618	1,042
Professional services	16,000	10,293	14,379
Rent - office space (Note 5)	9,000	7,938	8,635
Subscriptions - Railway data	Nil	Nil	Nil
Telecommunications (Note 5)	9,000	5,426	6,669
TOTAL - TO STATEMENT 2	$ 269,000	$ 135,713	$ 64,011

(See Accompanying Notes to Financial Statements)

SIPA

Saskatchewan Irrigation Projects Association

Auditor's Report

To the Members
Saskatchewan Irrigation Projects Association

I have examined the statement of financial position of the Saskatchewan Irrigation Projects Association as at March 31, 2002 and the statement of operations for the year then ended. These financial statements are the responsibility of the Associations' management. Our responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. I have performed such tests as I deemed necessary to provide evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Association as at March 31, 2002 and the results of its operations for the year then ended in accordance with generally accepted accounting principles.

Charlene Nelson

Central Butte, Saskatchewan
October, 2002

Charlene Nelson, Accountant

SIPA

Saskatchewan Irrigation Projects Association

Statement of Financial Position

As at March 31, 2002

ASSETS

	2002	2001
Current Assets		
Cash	11868	13687
Accounts receivable		1088
Prepaid expenses		268
	11868	15043

LIABILITIES AND SURPLUS

	2002	2001
Current Liabilities		
Accounts payable	8183	8783
Surplus	3685	6260
	11868	15043

Directors:

SIPA

Saskatchewan Irrigation Projects Association

STATEMENT OF OPERATIONS

For the period ended March 31, 2002

	2002	2001
Income		
Membership fees - full (note 2)	5560	5370
Membership fees - associate	400	452
Donations and Grants (note 3)		1058
Annual conference - registration	2723	2849
Annual conference - sponsors	2475	700
Annual conference - display	575	575
Fund Raising	584	495
Promotions		
	12317	11499
Expenses		
Administration	60	187
Administration - phone	818	895
Conference	4486	4599
Fund Raising	363	381
Meeting - mileage	2545	4265
Meeting - per diems	3225	4545
Meeting - expenditures	509	851
Promotion - signage		
Promotion (note 3)	2886	283
	14892	16006
Surplus for the period	-2575	-4507
Surplus beginning of period	6260	10767
Surplus, end of year	3685	6260

SIPA

Saskatchewan Irrigation Projects Association

Notes to the Financial Statements
March 31, 2001

1. Purpose

Saskatchewan Irrigation Projects Association (SIPA) became a reality in 1996 with the passing of the *Irrigation Act, 1996*. SIPA is to provide a focus group capable of coordinating, directing and participating in activities related to irrigation policy development, program implementation, research and demonstration prioritization, economic development initiatives, and public relations to promote and foster irrigation development in our province. We are to provide a common voice for issues concerning irrigators.

2. Membership

Membership is open to all irrigators in the province, either as projects or individuals in the business of serving irrigators.

a) Full membership, according to the bylaws, was restricted to irrigation districts as defined in the irrigation Act, 1996. Each member Irrigation District is entitled to one voting delegate per 5,000 irrigated acres or part thereof. But with the revisions made to the Irrigation Act, 1996, we are asking our membership to ratify a change to our bylaw as proposed at the 2001 annual meeting allowing all irrigators to become full members.

b) Associated memberships shall be granted at the discretion of the Board to private corporations who have an interest in irrigation activities and other third parties who wish to participate in SIPA.

3. Donations and Grants

Included in Grants and donations in 1998 was a grant of $20,000 from Sask Water Corporation of which a minimum of $5000 shall be spent by SIPA on promoting irrigation in Saskatchewan through an effective communication strategy. We have made an agreement with ICDC to jointly fund an irrigation website that will be the gateway to irrigation in Saskatchewan and we will continue will our news releases.

4. Agreements

The Board of directors has agreed to appoint two directors to the board of the Irrigation Crop Diversification's Corporation of which one of these directors shall sit on the executive management committee of the Canada - Saskatchewan Crop Diversification Centre.